CANADA

DEBATES OF THE SENATE

OFFICIAL REPORT

(HANSARD)

THE HONOURABLE GUY CHARBONNEAU
SPEAKER

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Speaker

THE HONOURABLE GUY CHARBONNEAU

Leader of the Government

THE HONOURABLE LOWELL MURRAY, P.C.

Leader of the Opposition

THE HONOURABLE ROYCE FRITH

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Clerk Assistant of the Senate

RICHARD G. GREENE

Law Clerk and Parliamentary Counsel

R.L. DU PLESSIS, Q.C., B.A., LL.L.

Gentleman Usher of the Black Rod

COL. JEAN DORÉ, CD

THE SENATE

Tuesday, March 17, 1992

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

Prayers.

ST. PATRICK'S DAY

TRIBUTE TO ST. PATRICK AND THE IRISH PEOPLE

Hon. William M. Kelly: Honourable senators, I should like to draw to the attention of colleagues that today is St. Patrick's Day.

Hon. Senators: Hear, hear!

Senator Kelly: I believe that it is important to draw this day to the attention of colleagues, because, with the exception of Senator Kirby's tie, which I saw a minute ago, I see few green ties or other evidence of a green nature to mark the occasion.

Hon. John Lynch-Staunton (Deputy Leader of the Government): On a question of privilege, I would point out the colour of my tie!

Senator Frith: Under the new rules, I don't think you can rise.

Hon. C. William Doody: I would like to point out my green tie.

Senator Frith: These points of privilege are all out of order under the new rules.

Senator Kelly: Nonetheless, honourable senators, I think it is a sad day—I see Peter Bosa has his green tie on. Thank you, Peter. I think it is a sad day that things of an Irish nature are forgotten, as they have been.

In times past, there was one senator who always sang an Irish song on March 17. The only person I know in this chamber who has a thoroughly beautiful voice is Senator Frith, and I thought perhaps he would do us the honour.

Hon. Senators: Hear, hear!

Senator Kelly: If he will lead us we will all join in.

Senator Roblin: Something from the *Mikado.*

Hon. Royce Frith (Leader of the Opposition): Honourable senators, I thank Senator Kelly for the compliment. I ask that the Speaker instruct the Gentleman Usher of the Black Rod to go down to the House of Commons and invite the Prime Minister to come here and sing "*When Irish Eyes Are Smiling*," and, if he has time, to get Mr. Reagan here to sing it as a duet, and we will wait.

Senator Kelly: As my final statement on this address, St. Patrick's Day is a time when we should all be nice to one another.

Hon. Senators: Hear, hear!

GENERAL ELECTION

NUMBER OF DAYS LEFT IN CURRENT TERM

Hon. Royce Frith (Leader of the Opposition): Honourable senators, I also want to note—in an indirect way, admittedly—that it is March 17, 1992. If Senator Murray's government, to quote his words, "respects democracy", election day, as of St. Patrick's Day, 1992, is but 249 days away.

However, if Canadians are governed by, and I quote Senator Murray, "a cowardly government, a government that is contemptuous of democracy", the day of reckoning could still be 635 days away.

THE ESTIMATES, 1992-93

TABLING OF SUPPLEMENTARY ESTIMATES (C)

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, I have the honour to table the Supplementary Estimates (C) for the fiscal year ending March 31, 1992.

[*Translation*]

SPECIAL JOINT COMMITTEE ON A RENEWED CANADA

REPORT OF COMMITTEE TABLED

Hon. Gérald A. Beaudoin: Honourable senators, I wish to inform the Senate that pursuant to the order of the Senate made on Friday, June 21, 1991, I tabled with the Clerk of the Senate on Friday, February 28, 1992 the report of the Special Joint Committee formed to consider the government's proposals on a renewed Canada.

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

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

[*English*]

LOUIS RIEL

RECOGNITION OF HIS UNIQUE AND HISTORIC ROLE AS FOUNDER OF MANITOBA AND CONTRIBUTOR TO DEVELOPMENT OF CONFEDERATION—NOTICE OF MOTION

Hon. Lowell Murray (Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding rule 59(1)(*i*), I give notice that later this day I will move:

> That the Senate take note that the Métis people of Rupert's Land and the North Western Territory, through democratic structures and procedures, took effective steps

to maintain order and protect the lives, rights and property of the people of the Red River;

That the Senate take note that, in 1870, under the leadership of Louis Riel, the Métis of the Red River adopted a List of Rights;

That the Senate take note that, based on the List of Rights, Louis Riel negotiated the terms for the admission of Rupert's Land and the North Western Territory into the Dominion of Canada;

That the Senate take note that these terms for admission form part of the *Manitoba Act*;

That the Senate take note that, after negotiating Manitoba's entry into Confederation, Louis Riel was thrice elected to the House of Commons;

That the Senate take note that, until his death in 1885, Louis Riel led the movement which fought for the maintenance of the rights and freedoms of the Métis people;

That the Senate take note that the *Constitution Act, 1982*, recognizes and affirms the existing aboriginal and treaty rights of the Métis;

That the Senate take note that since the death of Louis Riel, the Métis people have honoured his memory and continued his purposes in their honourable striving for the implementation of those rights;

That the Senate recognize the unique and historic role of Louis Riel as a founder of Manitoba and his contribution in the development of Confederation; and

That the Senate support by its actions the true attainment, both in principle and in practice, of the constitutional rights of the Métis people.

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

Hon. Senators: Agreed.

THE ESTIMATES, 1992-93

SUPPLEMENTARY ESTIMATES (C) REFERRED TO NATIONAL FINANCE COMMITTEE

Hon. John Lynch-Staunton (Deputy Leader of the Government), with leave of the Senate and notwithstanding Rule 59(1)(*f*), moved:

That the Standing Senate Committee on National Finance be authorized to examine and report upon the expenditures set out in Supplementary Estimates (C) for the fiscal year ending the 31st March, 1992 (Sessional Paper No. 343-417).

Motion agreed to.

STANDING SENATE COMMITTEE ON FOREIGN AFFAIRS

CHANGE IN COMMITTEE MEMBERSHIP

Hon. William M. Kelly, with leave of the Senate and notwithstanding rule 59(1)(*i*) moved:

That the names of the Honourable Senators Balfour, Doody, Marshall, Meighen and Phillips be added to the list of senators nominated to serve on the Standing Senate Committee on Foreign Affairs.

Motion agreed to.

● (1410)

SOCIAL AFFAIRS, SCIENCE AND TECHNOLOGY

CHANGE IN COMMITTEE MEMBERSHIP

Hon. William M. Kelly, with leave of the Senate and notwithstanding rule 59(1)(*i*), moved:

That the names of the Honourable Senators Phillips and Sylvain be added to the list of senators nominated to serve on the Standing Senate Committee on Social Affairs, Science and Technology.

Motion agreed to.

TRANSPORT AND COMMUNICATIONS

NOTICE OF MOTION TO AUTHORIZE COMMITTEE TO STUDY SUBJECT MATTER OF BILL C-62

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, I give notice that tomorrow, Wednesday, March 18, 1992, I will move:

THAT the Standing Senate Committee on Transport and Communications be authorized to examine the subject-matter of Bill C-62, An Act respecting telecommunications, in advance of the said Bill coming before the Senate or any matter relating thereto.

MOTOR VEHICLE SAFETY BILL

FIRST READING

Hon. John Lynch-Staunton presented Bill S-8, to regulate the manufacture and importation of motor vehicles and motor vehicle equipment to reduce the risk of death, injury and damage to property and the environment.

Bill read first time.

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

On motion of Senator Lynch-Staunton, bill placed on the Orders of the Day for second reading on Thursday next, March 19, 1992.

FOREIGN AFFAIRS

NOTICE OF MOTION TO AUTHORIZE COMMITTEE TO MEET DURING SITTING OF THE SENATE

Hon. John B. Stewart: Honourable senators, I give notice that at the next sitting of the Senate I shall move:

That the Standing Senate Committee on Foreign Affairs have the power to sit at 4:30 o'clock in the afternoon on Tuesdays, March 24 and 31, and April 7,

1992, even though the Senate may then be sitting, and that rule 96 (4) be suspended in relation thereto.

SOCIAL AFFAIRS, SCIENCE AND TECHNOLOGY

NOTICE OF MOTION TO AUTORIZE COMMITTEE TO STUDY CBC/NFB FILM PRESENTATION

Hon. Jack Marshall: Honourable senators, I give notice that tomorrow, Wednesday, March 18, 1992, I will move:

That the Standing Senate Committee on Social Affairs, Science and Technology be authorized to examine the contents of the CBC/NFB series, "The Valour and the Horror", and report upon the said production to determine the authenticity of the three-part series, namely, "Savage Christmas: Hong Kong 1941", "Death by Moonlight: Bomber Command," and "In Desperate Battle: Normandy 1944", because of the mounting unfavorable reaction of the said production.

GOODS AND SERVICES TAX

PRESENTATION OF PETITIONS

Hon. Royce Frith (Leader of the Opposition): Honourable senators, you will be glad to know that during our break the citizens of Canada did not forget their opposition to the iniquitous GST and have been sending in petitions that I now have the honour to present. They are all here in the file, all signed in handwriting by our fellow citizens. The summary is as follows:

First, the petitions are headed as previously . . .

[*Translation*]

—that the new universal federal tax of 7 per cent on goods and services passed by the Conservative government will create major, unfair and inhuman difficulties for Canadians and, for these reasons, etc. we humbly call upon senators and members of the House of Commons, who are the true representatives of the people, to do everything they can to oppose this new goods and services tax, and we demand that an election be called immediately.

[*English*]

From Quebec, 27 petitions with a total of 548 names; from Ontario, 11 petitions with a total of 248 names; and from New Brunswick, two petitions with a total of 39 names.

In Quebec, the petitions come from Barrante, Jonquière, Lac Mégantic, Laval, Longueuil, Montreal, Napierville, Portneuf, Rouyn, St-Isidore, St-Léonard, Sennetere, Sherbrooke, and Val d'Or; in Ontario, they come from Brampton, Etobicoke, Kitchener, Mississauga, North York, Niagara Falls, Oakville, Rexdale, Stoney Creek and Toronto; and in New Brunswick, they come from Miscou, Notre-Dame, Petit-Rocher, St-Léolin and Shippagan.

[*Translation*]

Hon. Jacques Hébert: Honourable senators, I too have the honour and the privilege to present petitions signed by 180 citizens of Newfoundland and Nova Scotia who oppose the goods and services tax, especially as it applies to books, newspapers and magazines. They point out that traditionally, books and periodicals have always been exempt from tax in Canada, at least since Confederation, if not from time immemorial. This exemption was based on the fact that—

[*English*]

. . . the uninhibited dissemination of the printed word, as a cornerstone of democracy, culture, education and a literate and productive society, will be negatively affected by GST application.

[*Translation*]

That is why they opposed it and still oppose it. These petitions come mainly from Stephenville and Corner Brook, Newfoundland.

There are also other petitions signed by 301 citizens of British Columbia who oppose the goods and services tax, especially on books and periodicals. These petitions come mainly from Penticton, Oliver, Delta and Surrey.

QUESTION PERIOD

[*English*]

THE ECONOMY

EFFECT OF GOVERNMENT POLICY ON CHILD BENEFITS

Hon. Royce Frith (Leader of the Opposition): Honourable senators, I have two questions for the Leader of the Government in the Senate. The first relates partly to some legislation before us. Yesterday Statistics Canada confirmed that Tory times are tough times. In 1981 there was but one food bank in the entire country. There are now 292. In 1990 one of every nine children in Canada received emergency assistance from a food bank, not just once but on average 3.5 times a year. In 1991, 2 million Canadians, including 700,000 children, were expected to receive aid from food banks.

I want to know if the government is not concerned about those statistics. If it is, why is it refusing to withdraw Bill C-32, which extends the cap on the Canada Assistance Plan? Why has it deindexed family allowance payments? Why has it imposed a brand of new tax, the GST, on children's clothing and medicines? And, lastly, why, instead of using the money for children living in abject poverty, is it spending $500,000 on an advertising campaign, a propaganda campaign, about its proposed child benefit program?

● (1420)

We have the government fattening up on advertising accounts while hundreds of thousands of children trudge to food banks for basic nourishment.

Hon. Lowell Murray (Leader of the Government): Honourable senators, with regard to the changes announced in the budget with respect to child benefits, as I pointed out in my

speech here a couple of weeks ago, those changes are intended to, and do, provide more assistance to families on low incomes.

If I recall the statistics correctly, there are no losers—there are only winners—for those people with family incomes up to the mid $50,000 per annum range.

I may say that that policy has been very well received; even some habitual critics of the government are prepared to say, and have said, that it is a step in the right direction to end universality in the family allowance program and provide more assistance to those families who are in greater need, and in particular the working poor.

With regard to the Canada Assistance Plan, we had that discussion at second reading of Bill C-32. The bill is now in committee. If the honourable senator wishes, we can discuss it again at third reading. However, as I pointed out at the time, that bill provides that Ontario, Alberta and British Columbia, the three provinces directly affected, will have the federal contribution increased by as much as 5 per cent.

Five per cent is higher than the increase in the cost of living. It is considerably higher than the increase in federal government program expenditures in recent years, and it is, I think, a greater increase than many of those provinces—certainly Ontario—are providing to their municipalities, universities, schools and hospitals by way of increase.

The honourable senator wants to know what we are doing about the adverse economic circumstances which so many people encounter. The short answer to his question is that we have recently brought in a budget and we are pursuing a policy that will create 500,000 new jobs between now and 1993 and 1.5 million new jobs in a somewhat longer time frame.

All the signs are that the economy is rebounding—the signs both here and in the United States—and I trust that the honourable senator will rejoice in those developments.

Senator Frith: If the results are as predicted I will certainly rejoice. I am glad that the Leader of the Government in the Senate took the opportunity to put those words on the record. We will see what are the practical results of those words. I take it we can expect these 500,000 new jobs between now and 1993, if I heard the leader correctly, and we can perhaps make a note in our calendars to see whether between now and 1993 that is the result of the words he has put on the record.

In the longer term, we will have to see. There may be a new government in office by that time. In that case we can be sure that Senator Murray will rise to take credit for the additional jobs that will have taken place or been earned by then.

● (1430)

JUSTICE

CANCELLATION OF COURT CHALLENGES PROGRAM—GOVERNMENT POSITION

Hon. Royce Frith: My second question deals with the Court Challenges Program. I take it we will be getting legislation that will include the cancellation of the Court Challenges Program along with the cancellation of other initiatives and institutions. I want to give the Leader of the Government an opportunity to comment, not necessarily today, but today and later if he wishes, on a letter by Madam Bertha Wilson, former Justice of the Supreme Court of Canada, written on March 4 to the Minister of Justice. I will put the letter on the record—it is only a few paragraphs—in order to give him an opportunity to comment later, if he prefers.

Dear Minister:

I am writing to express my dismay and distress over the recent cancellation of the Court Challenges Program.

I have on numerous occasions publicly expressed the view that it is totally illusory to confer rights on people who do not have the means to enforce them and I assumed that the expansion of the Court Challenges Program following the advent of the Charter of Rights and Freedoms was an effort to address this problem.

I fully appreciate, of course, that all governments are currently in a period of financial restraint but I must say that I have difficulty with a policy that places the burden of that restraint on those who can least afford to bear it.

I saw for myself when I was a member of the Supreme Court how invaluable this Program has been to minority groups and to the disadvantaged. It has clearly been well and efficiently administered and has resulted in an excellent input into many very significant "test" cases. I am sure that my former colleagues on the Court, if asked, would confirm that view. Indeed, I believe that I can say with complete confidence that the public has unquestionably received full value for its money on this particular Program.

If there is any possibility that the Government's decision on the Court Challenges Program might be reversed, may I respectfully add my voice to what I am sure is a chorus of disapproval of the cancellation of this very imaginative and worthwhile program.

I remain,

Yours very sincerely,

Bertha Wilson

Hon. Lowell Murray (Leader of the Government): Honourable senators, given that the letter from the distinguished former Madam Justice Wilson was addressed to my colleague Ms. Campbell, I will be glad to ask Ms. Campbell to let me have a copy of her reply so that I can table it here or read it into the record.

THE ECONOMY

EFFECT OF GOVERNMENT POLICY ON CHILD BENEFITS

Hon. Lorna Marsden: Honourable senators, I would like to pursue further the response that the Leader of the Government gave to Senator Frith's question about child benefits. The Leader of the Government says that the government's white paper has been well received. Indeed, as he and all senators

know, the Standing Senate Committee on Social Affairs, Science and Technology has done a considerable amount of work on the problem of child poverty. Some of the proposals in the white paper are in concordance with the recommendations of the Senate committee. Some of the thrust of the proposals is indeed very desirable.

However, the numbers that the Leader cites are, I think, questionable. I wonder if he will be willing to give us some more information on them, because calculations made, not only by those of us who are amateurs, but by others who are not, indicate that families on lower incomes will receive not a penny more than they would have received in terms of child benefits if this plan should not come into effect. That is in the first year. Because of a lack of indexation, of course, those benefits will subsequently be reduced.

Furthermore, it has been suggested by some social welfare analysts that the government's proposal will lock the working poor into poverty by providing an incentive not to earn more than will be reimbursed on the extra earnings plan for the working poor. On both those areas separately, the analyses that I have seen indicate that this proposal in amounts of money is of no greater benefit than is currently received and will very quickly be a reduced benefit. I wonder if the Leader of the Government would like to comment further.

Hon. Lowell Murray (Leader of the Government): I would not without further reference to the Department of Finance tables, some of which were published with or shortly after the budget. I will obtain those, and other information provided by the Department of Finance and the Department of Health and Welfare, and provide it to the honourable senator and to the Senate.

Senator Marsden: Thank you. In that case, the Leader of the Government might also want to look at the analyses that have been published in the press in Mr. Len Shifron's column. He is usually a very careful analyst and he has looked at the Department of Finance's figures. The Leader of the Government may also wish to note that in his defence of the Canada Assistance Plan, the costs to the provincial governments have risen considerably because the federal government has passed on costs and because, of course, the provinces have reduced revenues. Therefore, his analysis of the Canada Assistance Plan bill is not an entirely accurate description.

Senator Murray: Honourable senators, there is no cap, as the honourable senator knows, on our contribution to the seven provinces that, by way of shorthand, we call equalization recipients. The cap of 5 per cent increase is on those provinces that do not receive equalization. We continue to pay 50 per cent, do we not, of eligible expenses under the Canada Assistance Plan in seven of the ten provinces of Canada.

Senator Marsden: Well, honourable senators, I suggest the Leader's reply is a bit disingenuous, because it is in two of those three provinces that the greatest numbers of refugees arrive in the country, who are very often drawing benefits from the public purse. That is not a criticism. That is merely a commentary. The Leader of the Government will also know that the very largest number of poor people in this country live in the province of Ontario, for which benefits have been capped, so the relationship between the distribution of costs and the redistribution of benefits is a loose one in terms of the Canada Assistance Plan.

Senator Murray: I put the figures on the record the other day when we were debating this matter at second reading. A five per cent increase in the case of Ontario is quite a considerable increase. As I recall, overall, there is an increase of something like $100 million provided for Ontario in the fiscal year that begins in April, to a total of $2.2 billion for that province. We are talking about something in excess of $6 billion, nationally. This is a very considerable contribution to all of those provinces for those programs.

Senator Marsden: Honourable senators, perhaps the Leader would also like to put on the record the rise in welfare costs for the three provinces that are under this cap. I think it is the relationship between costs—the genuine needs—and this 5 per cent amount that is the difficulty here.

[*Translation*]

FEDERATION OF FRENCH-SPEAKING AND ACADIAN COMMUNITIES

PARTICIPATION IN CONSTITUTIONAL CONFERENCES

Hon. Jean-Maurice Simard: Honourable senators, I have a question for the Leader of the Government in the Senate. I am sorry I did not give him prior notice. It is a bad habit of mine, but I hope my leader will forgive me.

My question concerns a press conference that was held yesterday. I have a press release which was probably distributed at this conference held by the *Fédération des communautés francophones et acadiennes du Canada.*

Could the Leader of the Government in the Senate give us the assurance that he will do everything he can to ensure consideration is given to the federation's request for a meeting with Prime Minister Mulroney, as soon as possible, to discuss a number of complaints, some of which are not entirely justified?

In my preamble, I feel I should set the record straight, because the *Fédération des communautés francophones et acadiennes*, unlike some reports in the media, never asked to sit at the constitutional table.

In fact, the federation corrected those reports this morning.

It asked to be consulted during the current constitutional process on any clause with an impact on the future of our communities. According to the federation, this request was confirmed verbally, but not in writing, by the Prime Minister's Office. They also wish to be actively consulted when study groups examine clauses that refer to linguistic duality.

There is a substantial difference between asking for a seat at the constitutional table and their other requests.

I think you will agree, honourable senators, that I have always supported our francophone federations and associations whenever I was able to do so. In this particular case, although I support a number of the federation's recommendations and

requests, I would like Senator Murray to confirm that he will do everything he can to facilitate the process. However, I think the *Fédération des communautés francophones et acadiennes* went to little too far when they said in their press release that if it were not for the federation and the community's efforts, and if Francophones had depended on the federal government to help them, linguistic duality would have disappeared from the agenda a long time ago. I think this is an exaggeration, because there are no grounds for making such a statement. The federation went on to complain that the Court Challenges Program was being sabotaged, although the government explained why it had to make this decision.

The federation complained about the way agreements between Ottawa and the communities in Manitoba and Alberta were treated. I believe those programs have been very useful and will likely continue to serve these communities very well. We should get back to this later on.

I would urge the federation to be a little more careful with its criticision in future.

However, I would also appreciate an answer from Senator Murray.

Hon. Philippe Gigantes: Could we find out what the question is, honourable senator?

Senator Simard: I know that Senator Gigantes is occasionally distracted—it happens to everybody. The records of the Senate will show that my question was asked twice. I repeat it again.

Will Senator Murray encourage Prime Minister Mulroney to meet with the spokespersons of the Federation to discuss the many issues that concern them, including the Court Challenges Program, agreements between Ottawa and the Francophone communities and also whether they of Federation can play a role on the constitutional committees that are to begin this week or next week at the latest?

Hon. Lowell Murray (Leader of the Government): Honourable senators, regarding the association's criticisms of the present government, we must remember that the federal government and the provinces wanted to entrench recognition of linguistic duality as a fundamental characteristic of the federation in the Meech Lake Accord. Unfortunately, the Meech Lake Accord did not pass.

● (1440)

We discussed that question extensively in this House. I will tell my friend, Senator Thériault, that the federal government did everything it could to improve their recognition; for example, we tried to use the word "promote", but to recognize the linguistic duality as a fundamental characteristic of the federation would have been unprecedented. It would have meant a step forward for the linguistic minorities of our country. I can only refer to the words of the former Commissioner of Official Languages, Mr. D'Iberville-Fortier on that subject, whether my friend Senator Thériault likes it or not.

That being said, we must also remember that, in 1988, this government had the Canadian Parliament approve a new Official Languages Act whose regulations are beginning to be applied in the area of the language of service. Later, some rules on the working language and on equal representation within the Civil Service will be implemented. Those are two of the fundamental principles of the new legislation.

I will be pleased to submit to the Prime Minister's Office a request for a meeting on behalf of the Association des communautés francophones.

Hon. Royce Frith (Leader of the Opposition): Honourable senators, I have a supplementary question.

From the answer given by the Leader of the Government in the Senate in reply to Senator Simard, can we conclude that he will give us his support in the deferred vote which will be taken later on?

Senator Murray: No, honourable senators. I am happy with the assurances given on that issue by my colleague, Mr. Corbeil, Minister of Transport.

THE CONSTITUTION

ENSHRINEMENT OF BILL 88

Hon. Jean-Maurice Simard: Honourable senators, I have a second question. I thank Senator Murray for his support in relation with the previous question.

My second question concerns an old issue of many years, concerning a request made a few months ago by the New Brunswick government (according to the papers of that province) asking the federal government to enshrine in the Constitution some of the principles expressed in Bill 88, an act recognizing the equality of the two linguistic communities in New Brunswick.

You will recall, honourable colleagues, that I raised that question on several occasions. I am doing so once more today.

Even if I remain optimistic, we must remember that when Meech died, the project to enshrin this provincial bill was delayed. I had warned my colleagues of this House and the people of New Brunswick that the strategy adopted by the New Brunswick government, lead by Mr. McKenna, was bad, that it was out of place and that the Canadian Constitution, allows for the enshrinement of Bill 88 through a bilateral agreement, whether there were constitutional talks or not.

But Mr. McKenna decided to act differently and to tie the request for enshrinement to the Meech Lake Accord. He got it all wrong and he seems ready to make the same mistake again.

I ask Senator Murray whether to his knowledge the federal government still has a request to entrench Bill 88 in the Constitution? We all know how difficult these new negotiations are, of course! I for one think that those difficulties might delay this entrenchment which over 80 Canadian organizations have been demanding for four years.

Senator Murray, I await your reply.

Hon. Lowell Murray (Leader of the Government): Honourable senators, I believe that this is still the subject of discussions at the official level between New Brunswick and the federal government.

If Senator Simard wants more information on this matter, I will consult my colleague, Mr. Clark.

Senator Simard: Thank you, Senator Murray.

I accept your answer, but we will remain vigilant and ask questions here and elsewhere.

I hope that Mr. McKenna will give up this strategy of again linking the Acadians' request to the negotiation of constitutional agreements on subjects that require, for some, eleven First Ministers and, lately, the native people as well, and for others, the consent of seven out of ten provinces having 50 per cent of the population.

NEW BRUNSWICK

IMPOSITION OF SURTAX ON WOOD PRODUCTS—EFFECT ON BUSINESS

Hon. Jean-Maurice Simard: Honourable senators, I apologize to you; it is not my habit to take too long! I leave that to the Liberals, who do not unlike me, always have access to the Leader of the Government in the Senate! I must ask one last question on a completely different subject, but it still concerns the Premier of New Brunswick.

As far as I know, the Premier of New Brunswick, Mr. McKenna, is the only Canadian, certainly the only New Brunswicker, who was glad about the American decision last week to impose a surtax on softwood lumber from New Brunswick and all of Canada. Has the Leader of the Government in the Senate or someone else in the government understood what the Premier of New Brunswick meant when he said that it might be good in the long run?

Has the federal government studied this statement by the Pemier of New Brunswick, which surprised and shocked business people and workers in the forestry industry in that province?

Senator Murray, I await your reply.

Hon. Lowell Murray (Leader of the Government): Honourable senators, I was not aware of the statement attributed by Senator Simard to Permier McKenna.

Nevertheless, I will be pleased to draw the attention of my colleague, Mr. Wilson, to the question raised by Senator Simard. If there are any comments from my colleague, Mr. Wilson, I will be pleased to bring them up here in due course.

Senator Simard: Thank you, Senator Murray.

THE CONSTITUTION

FRENCH-SPEAKING CANADIANS OUTSIDE QUEBEC

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, it seems to me that the questions raised by Senator Simard require a supplementary.

The government decided last week to include in the process the government of the Northwest Territories, which represents approximately 60,000 people, and that of the Yukon, which represents about 30,000 people and four native associations . . .

[Senator Murray.]

I want to say at the outset that I am very happy that the government has decided to include them. My question does not concern the fact that they were included. It concerns those who have not been included, that is about one and a half million francophones who live outside Quebec.

What role did the government intend to give to those groups who have a particular interest in the constitution with regards to their protection in the future? It must be very clear that those groups have to rely on the federal government for protection.

Therefore, will they be included also? Will the government ensure that those groups have a say in the matter, just like the others groups who were included last week?

● (1450)

[*English*]

The Hon. the Speaker: Honourable senators, before the Leader of the Government answers that question, I must advise senators that, under rule 23(7), which limits Question Period to 30 minutes, the 30 minutes are now over. However, I believe the leader may want to answer the question, owing to the fact that it has been posed.

[*Translation*]

Hon. Lowell Murray (Leader of the Government): There again, honourable senators, I can consult with my colleague, the President of the Privy Council and Minister responsible for Constitutional Affairs. But for now, I do not want to leave Senator Molgat unsatisfied.

The hon. senator will not dispute that linguistic minorities are not on the same footing as the governments of the northern territories, which will be at the table as a government. Representatives of the native people will be at the table because we are discussing native self-government.

We must also recall, as Mr. Bisson of the Federation himself admitted yesterday, that the situation of Francophones outside Quebec is different from the situation of native people. Many groups expressed their opinion to the Beaudoin-Dobbie Committee and the official-language communities were represented at all constitutional conferences. Mr. Clark and the Prime Minister are committed to pursuing the consultation process begun with the Federation.

We have made a great deal of progress on recognizing linguistic duality and this question will be discussed with the provinces in the same way as all other proposals.

[*English*]

DELAYED ANSWERS TO ORAL QUESTIONS

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, I have a number of delayed answers to oral questions raised on February 13. There are responses to a question from Senator Marsden regarding Sri Lanka, one from Senator Molgat regarding the effects and monitoring of depletion of the ozone layer, one from Senator Molgat regarding the possible reactivation of a disused rocket station, another from Senator Molgat regarding the costs of

financing health care programs under medicare, and one from Senator Frith regarding cross-border shopping. There is a response to a question asked by Senator Kenny on February 18 regarding the tenth anniversary of the *Ocean Ranger* disaster and, finally, a response to a question asked by Senator Olson on February 28 regarding federal support for the grains sector.

FOREIGN AFFAIRS

SRI LANKA—HUMAN RIGHTS ABUSES—CANADIAN ROLE

(*Response to question raised by the Hon. Lorna Marsden on February 13, 1992*)

Consideration has been given to a role for the Commonwealth or to the United Nations in promoting a process of negotiation and dialogue to bring about an end to the fighting in the North-East.

Initial offers of assistance by Commonwealth Members have been declined by the Sri Lankan Government of President Premadasa.

Canada and like-minded countries are monitoring the situation closely and are considering a further offer of assistance in response to indications of a more favourable reception.

Canada would be prepared to play a coordinating role within the Commonwealth or among like-minded countries to provide an international intervention to promote a ceasefire and initiate negotiations between the Government and Tamil representatives.

THE ENVIRONMENT

EFFECTS AND MONITORING OF DEPLETION OF OZONE LAYER—GOVERNMENT POSITION

(*Response to question raised by the Hon. Gildas L. Molgat on February 13, 1992*)

Environment Canada operates monitoring stations in Toronto, Saskatoon, Goose Bay, Edmonton, Churchill, Resolute and Alert that measure the status of the ozone layer. Some stations have data going back to 1960, so the results can be compared to long-term changes.

Canadian scientists have pioneered research measurements of the arctic ozone during the last six years. This year, additional Canadian measurements, from balloons as well as ground-based equipment are being made. About thirty balloon payloads will be flown from Alert and about ten from Resolute, Eureka and Iqaluit, the latter synchronized with flights of NASA aircraft. Data are being exchanged between Environment Canada, European countries and NASA.

Through its Green Plan Initiative on Stratospheric Ozone, the government will establish a permanent high arctic ozone observatory for high-technology measurements as part of an international network to study ozone depletion. The observatory will facilitate research that will increase our understanding of arctic ozone depletion and its effect on ozone levels in Southern Canada, and help determine the effectiveness of control measures on ozone-depleting chemicals. The facility, which will be completed later this year on Ellesmere Island near Eureka, will place Canada on the leading edge of ozone science. A special laser will be designed and made in Canada to measure Stratospheric Ozone. Other highly-sophisticated scientific equipment will be developed and operated at the observatory in partnership with Canadian universities and scientists from other countries.

Environment Canada has no plans to close the Mould Bay weather station or any of its Northern weather stations involved in ozone monitoring. The Mould Bay facility, which at this time does not carry out ozone-monitoring activities, is being modernized to make it more cost-effective in its capabilities as an upper air observatory.

THE ENVIRONMENT

POSSIBLE REACTIVATION OF DISUSED ROCKET STATION FOR MONITORING OF OZONE LAYER

(*Response to question raised by the Hon. Gildas L. Molgat on February 13, 1992*)

Environment Canada does not see any need to re-establish a rocket-based monitoring program. Technology allows Environment Canada scientists to monitor the ozone layer with ground-based equipment and with delicate instruments sent by balloon to the stratosphere.

MEDICARE

COST OF FINANCING HEALTH CARE PROGRAMS—GOVERNMENT POLICY

(*Response to question raised by the Hon. Gildas L. Molgat on February 13, 1992*)

With respect to funding for health care, federal transfers to the provinces which support health care services remain large and continue to grow.

Established Program Financing (EPF) expenditures for Medicare from 1987-1992 are as follows:

1987-88: $12.59 billion

1988-89: $13.31 billion

1989-90: $14.25 billion

1990-91: $14.34 billion

1991-92: $14.65 billion

The following are EPF health expenditures for 1991-1992, broken down into cash and tax categories:

Cash	
Extended Health Services	$ 1.4 billion
Insured Health Services	$ 5.1 billion
Tax	*$ 8.1 billion*
Total	$14.6 billion

When both the EPF and equalization programs are

included, federal transfers to the provinces which could be used to help fund health care were $28 billion in 1991-92.

CANADA-UNITED STATES FREE TRADE

MEASURES TO LIMIT BENEFITS OF CROSS-BORDER SHOPPING—GOVERNMENT POLICY

(*Response to question raised by the Hon. Royce Frith on February 13, 1992*)

The Free Trade Agreement is to be phased in over the period of ten years thus, a complete verification of Mr. Andre's statement of 1987 is not available at this time. However, it is possible to outline some of the benefits the FTA has so far provided to Canadian consumers.

It is estimated that the first two rounds, under the FTA, of tariff acceleration on U.S. imports has resulted in approximately $122 million in lost revenues to the federal government— revenue that has gone instead to Canadian companies and consumers. Round 1: Approximately $100 million in duties foregone. Round 2: approximately $22 million in duties foregone. Round 3 is currently under way, with over 260 industry submissions being considered for early tariff reduction.

Some examples are provided below to highlight what the reduction of tariff levels mean in terms of consumer savings.

Item	*Tariff—*	*Retail price(-) (Consumers Dist.)*
telephone answering machines	8%	4%
curling irons	10.3%	6.5%
rice cookers	10.3%	10%
basketballs	11.3%	10%

The Consumer Price Index is beginning to reveal the positive impact of the FTA in its yearly figures.

1989	5.5
1990	4.4
*1991	5.6
1992	2.2
1993	2.2

*This increase due to the Implementation of the GST, but has since worked through the system and is no longer an inflationary factor.

NEWFOUNDLAND

10TH ANNIVERSARY OF *OCEAN RANGER* DISASTER—REQUEST FOR LEGISLATION

(*Response to question raised by the Hon. Colin Kenny on February 18, 1992*)

A bill entitled "An Act to amend the Oil and Gas Production and Conservation Act and other Acts in consequence thereof" (C-58) was given first reading in the House of Commons on February 20, 1992. The objective of this bill is to address all outstanding recommendations of the Hickman Royal Commission on the Ocean Ranger Marine Disaster, which investigated the events leading to the loss of the drilling unit.

[Senator Lynch-Staunton.]

AGRICULTURE

FEDERAL SUPPORT FOR GRAINS SECTOR—GOVERNMENT POSITION

(*Response to question raised by the Hon. H.A. Olson on February 28, 1992*)

Of the $800 million in emergency assistance for agricultural producers under the Farm Support and Adjustment Measures II (FSAM II) program, $700 million is directed to grains and oilseeds producers across Canada and $100 million is for other sectors.

By December 31, 1991, $115 million had already been paid to Prairie grains and oilseeds producers; by March 31, 1992, an estimated $308 million will have been paid to complete the first payment instalment. A second instalment of $266 million will be paid beginning in April, for a total of $574 million.

Payment of the first instalment of $1.1 million to grains and oilseeds producers in the Atlantic region began in February. A second instalment of $0.9 million will be paid beginning in April, for a total of $2 million.

The FSAM II payment for grains and oilseeds producers in Québec is $27 million.

FSAM II payments of $97 million for grains and oilseeds producers in Ontario and British Columbia are being made in two instalments; mailing of cheques for the first instalment, forecast at approximately $38 million, began in February. The remainder will be paid in a second instalment beginning in April.

The method of delivery of FSAM II to grains and oilseeds producers varies according to the circumstances of each region. This accounts for the differing timing of delivery.

For the Prairies, payment is based on Canadian Wheat Board (CWB) permit book data in 1990/91. A first instalment of $5 per seeded acre has been made; a final instalment will also include a payment on eligible forage and summerfallow at a rate of 25% of the payment on seeded acres.

For British Columbia and Ontario, payments are being made in two instalments using the data base collected under the Net Income Stabilization Account (NISA).

Québec has already assisted producers through their existing stabilization program; FSAM II funds will reimburse the province's stabilization fund.

For the Atlantic provinces, payments are being made in two instalments, based on seeded acres. The payment level will vary depending on the crop.

● (1500)

LOUIS RIEL

RECOGNITION OF HIS UNIQUE AND HISTORIC ROLE AS FOUNDER OF MANITOBA AND CONTRIBUTOR TO DEVELOPMENT OF CONFEDERATION

Hon. Duff Roblin, for Hon. Senator Murray, pursuant to notice of earlier this day, moved:

That the Senate take note that the Métis people of Rupert's Land and the North Western Territory, through democratic structures and procedures, took effective steps to maintain order and protect the lives, rights and property of the people of the Red River;

That the Senate take note that, in 1870, under the leadership of Louis Riel, the Métis of the Red River adopted a List of Rights;

That the Senate take note that, based on the List of Rights, Louis Riel negotiated the terms for the admission of Rupert's Land and the North Western Territory into the Dominion of Canada;

That the Senate take note that these terms for admission form part of the *Manitoba Act*;

That the Senate take note that, after negotiating Manitoba's entry into Confederation, Louis Riel was thrice elected to the House of Commons;

That the Senate take note that, until his death in 1885, Louis Riel led the movement which fought for the maintenance of the rights and freedoms of the Métis people;

That the Senate take note that the *Constitution Act, 1982*, recognizes and affirms the existing aboriginal and treaty rights of the Métis;

That the Senate take note that since the death of Louis Riel, the Métis people have honoured his memory and continued his purposes in their honourable striving for the implementation of those rights;

That the Senate recognize the unique and historic role of Louis Riel as a founder of Manitoba and his contribution in the development of Confederation; and

That the Senate support by its actions the true attainment, both in principle and in practice, of the constitutional rights of the Métis people.

He said: I move that the resolution previously read to the House in connection with Louis Riel now be debated.

In my capacity as a third generation citizen of the province of Manitoba, and in view of my territorial designation as the senator from Red River, I ask this house to approve a resolution of reconciliation and recognition with respect to Louis Riel, one of the giant figures in the history of my province, and with respect to his people, the Métis people of Western Canada.

In this present time of national introspection, it seems to me both a propitious and a favourable event, and that the circumstances are welcome that such a motion should be discussed in the Parliament of Canada, and certainly in this chamber.

One hundred and twenty-three years ago, in 1867, on the eve of the purchase of the territory of Rupert's Land from the Hudson's Bay Company by the new Dominion of Canada, the Red River settlement was a lonely frontier community described by some as a settlement on the eastern shore of an immense prairie ocean. It was isolated in the centre of North America with no good communications to the rest of this continent. In that place lived some 12,000 people, almost half of them Métis of French and Indian origin, almost half of them Scotch or English mixed blood, with perhaps several hundred people of either Indian or white backgrounds. In the harsh environment, this small community fought to survive on a dying Buffalo hunt, on the remnants of the fur trade, and on the precarious basis of a primitive agriculture.

In 1869, prior to any consultation with it, as far as I am aware, this small community was confronted with the takeover of their community by Canadian powers, which were largely unknown to them. After 200 years, the old order of the Hudson's Bay Company as the rulers of Rupert's Land was coming to an end and was being replaced by a new order from Canada, that itself being a new creation among the nations of the world.

The Red River people themselves were divided by race, language, and religion. This division could add nothing to the harmony or consensus that was so badly needed in the situation with which they were faced. Yet, local rights and local customs demanded respect, and local consent was an essential condition to sound policy.

It was the man Louis Riel who, not without opposition, spoke for the people. It was Louis Riel who articulated the demands of the plainsmen and the settlers. It was Louis Riel who organized a provisional government which had majority support in the community, and who led this small people, as the representatives of Canada approached the Red River from the east.

Louis Riel's role and part in these proceedings was a dominant one. He was the President of the short-lived provisional government to which I have referred. His was a strong voice in laying down the provisions of the *Manitoba Act* of 1970 that the Red River people could accept. Indeed, through him, the very name of "Manitoba" was attached to this new geographical province that was being created.

Yet, in this constructive process, by the perversity of human affairs, a Métis drumhead court martial decreed the death before a firing squad of a rash Canadian dissident named Thomas Scott. That tragic event in 1870 cast its malign shadow, not only on the province itself but right across the political spectrum of the new Canada of those days.

However, that tragedy was itself quite overshadowed by an even more calamitous decision that was taken some 15 years later when Louis Riel was tried and hanged in Regina in 1885 on the charge of treason. This act was one whose consequences

could not be imagined and which had a shattering and long-remembered effect on the psyche of the Canadian nation.

Those 1885 events, of course, were after 1870, long after Louis Riel's part in Manitoba's creation was over, and nothing can take away from his role as a founder of my native province.

Now, in 1992, the passions of those far-off and distant days are perhaps but the faint echoes of history in the minds of those who even remember them. Now is a time when we have come to the conclusion that we can look at our Manitoba history squarely, with all its bittersweet emotions. We may conclude that in that history there is enough honour, tragedy and compassion for all.

Louis Riel lies buried in the churchyard of St. Boniface. His family is still to be found in Manitoba, and his people, the Métis of the western plains, are some 150,000 strong and more. With us, they are the heirs of the legacy to Louis Riel.

So this resolution is about reconciliation, but it is also about recognition; recognition that there are legitimate rights pertaining to the western Canadian Métis people in 1992.

As we struggle through the current constitutional obsessions, let us remember the interest of our Métis fellow citizens in what is taking place. It is far from clear what current events can or should hold in store for them. But now is the time to do our best to recognize, to consult, to conciliate, and to satisfy, as best may be, the legitimate hopes and aspirations of those people. They are the heirs of Louis Riel. We have an obligation to remember their part in the history of our country. We have a resolution before us which attempts not only to reconcile but to recognize the place these people occupy in the history of our country. It is my hope, honourable senators, that this resolution will be a step along the way of the future and the way of justice and equity.

Hon. Senators: Hear, hear!

Hon. Jerahmiel S. Grafstein: Honourable senators, I do not intend to speak on this matter, but I wish to refer to statement number 6 in the motion, and perhaps the senators who have tabled this resolution can enlighten me. I read this motion for the first time this afternoon and I have not had an opportunity to research it as I might.

Statement 6 reads:

> That the Senate take note that, until his death in 1885, Louis Riel led the movement which fought for the maintenance of the rights and freedoms of the Métis people.

It is my recollection that Louis Riel, after 1870, left Manitoba and moved to the western territories, and then south of the border. During that period, for some decade and a half, one of the leaders—or the leader—of the Métis movement was Gabriel Dumont. If that is correct, perhaps the government might consider amending that sentence to read:

> . . . until his death in 1885, Louis Riel was a leader of the movement which fought for the maintenance of the rights and freedoms of the Métis people.

[Senator Roblin]

We are all concerned about history, but we should be meticulous about our concern for history, if I am correct.

Senator Roblin: If I understand the question correctly, my honourable friend is questioning some of the phrasing or the wording included in this resolution. I must confess to him that I did not see it myself until about five minutes before I rose to speak. Although I was aware of the subject, I was not aware of the precise terms in which these various sentences were phrased. I am sure no harm will come from examining them carefully, but I would rather hope that we could avoid taking an action of that kind. Once you start opening up these various clauses, you open up many other subjects which perhaps other folk would like to see included in the very elaborate and minute statement that is contained in this resolution. It is not a subject that lends itself to an easy decision, nor to an easy correction.

• (1510)

I should like to take my honourable friend's question under advisement—at least, I would ask those who are responsible for drafting this resolution to take it under advisement.

My own opinion is that we should make no change unless it is absolutely essential. Once we start that process, heaven knows where we will end up.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Would it be possible to get a copy of the resolution if Senator Roblin has it?

Senator Roblin: I would be happy to give it to my honourable friend. I thought that it was distributed to everyone in the Senate.

Senator Molgat: No, it did not get here.

Senator Grafstein: I appreciate Senator Roblin's response. Gabriel Dumont was a great figure in Canadian history. His memory has not been very well commemorated here or in any place. I thought it would be appropriate at this time to raise that point, particularly because he played such a crucial role in the life of the Métis and of Canada.

[*Translation*]

Hon. Maurice Riel: Honourable senators, if I may join the debate on the question raised by Senator Grafstein, I would have to say that it is probably because Louis Riel was always considered as the leader of the movement which fought for the Métis people. There were also Dumont Ambroise Lépine and a few others mentioned in history books. Second, the motion 8245 it is Riel who led Manitoba's entry into Confederation. That is one of the most important fact that has to be recognized. That is why, if we have to make a list of all the deserving people who have run or protected the Métis in those days, we will have to amend this motion extensively. I am not saying this to contradict in an unkind way my friend Senator Grafstein, but simply because I have had the opportunity to read the motion ahead of time. I think it is just fine the way it is.

It would be appropriate, if Senator Grafstein has specific points to make on the events that took place and participation

in these events, that he should make a speech. Therefore, from a historical point of view, the records of the Senate would show that due consideration was given to the role played by others beside Riel and that it was not for family reasons or for glory or because all those events were so dramatic that we try and reconcile today with words such as the ones used in this motion.

I wanted to say that I cannot let this motion pass without speaking to it. I approve it entirely. I agree completely with the terms of this resolution. They are suitable for yesterday's situation and that of today. In short, this motion, in plain language, can be summed up as: Louis Riel has served his country well.

I heard on television the speeches made in the other place by the members for Churchill and St. Boniface. I read the speech made by the President of the Privy Council. This motion is particularly interesting because it is an action of redress, the recognition by Parliament that a citizen has been wronged in paying with his life at age 43 his dedication to a just cause. I never favoured nor supported the requests for pardon made in the past in favour of Louis Riel because I felt it was admitting faults not our oewn. Even though Louis Riel and his followers resorted to extreme measures, we have to admit that the Metis claims were legitimate. Every time the issue of pardon came up, I wanted to know to whom pardon had been granted up till now and if it had been for crimes, of small or medium importance. In short, the pardon in question applies to a criminal matter.

Here we are dealing with a strictly political matter. If we had to take an example, we should go back to the United States, some 20 years earlier, after the Civil War, when no secessionist leader was hanged. Yet Riel was hanged. He had not called for secession, indeed he brought a new province into his country.

Today's resolution, a resolution of reconciliation as Senator Roblin called it, satisfies my sense of unity of opposites as they say in philosophy, the harmony of opposite tensions, as in the lyre and the bow, as expressed by an English author, i.e. to a remarkably unfair treatment there must be an exemplary redress.

I consider the resolution before us today, which I hope will be passed, to be an exemplary redress. It is also intended for the Metis nation as the Metis called themselves at that time. If I have the time under own Rules, I would like to tell you briefly how I am related to Louis Riel. According to Quebec's Civil Code, we are distant collateral relatives, since we are related in the twelfth degree. In the collateral line, the degrees are reckoned by adding up the generations from both collateral lines up to and not including the common ancestor. I am not descended from Louis Riel, and he is not descended from my family branch. We have a common ancestor, Jean-Baptiste Riel, who came to Canada around 1694. There is something very special or remarkable about this man; he was born in Ireland circa 1670.

This being St-Patrick's Day, I am happy to rise to pay tribute to this ancestor of mine. In 1704, at his wedding on Du Pas Island, close to Lavaltrie, north of Montreal, according to documents still existing, he said he was the son of Jean-Baptiste Riel and Louise Fountain or Lafontaine, from the parish of St. Pierre, in the cathedral town of Limerick, in Ireland. I have a copy of his marriage certificate and even of his marriage contract, confirming his place of birth. Also as proof, there are letters of naturalization, as were called at that time the naturalization documents entered in the record of decrees and deliberations of the superior council for the year 1710, volume 6, page 115, letters in which the Versailles royal authorities granted the French nationality to listed English citizens, among which was an Irishman called Jean-Baptiste Riel, whose place of birth is indicated.

So that makes us one of the oldest Irish family in the country, whether senator Doody likes it or not! Anyway, I do not think a poor soldier, from the King's army, would have invented, on his wedding day, the name of Limerick and the church in St. Pierre, in the town of Limerick, since this city and this church do exist, as I learned one day during the 1967 World Exhibition. As a member of the board of directors, and as the etiquette would have it, I was always seated next to the Anglican Lord Bishop of Montreal, a man called Kenneth McGuire. Beside being a real gentleman, the Anglican Bishop of Montreal spoke perfect French, as do graduates from English universities, and he was from Ireland. We talked on several occasions, and one day, I told him: You are from Ireland, Your Grace. He said, of course. Then, I told him: Well, I have an ancestor from Ireland, from a town called Limerick.

• (1520)

He was baptized in the Church of St. Peter. He told me: That's funny, I was a curate once in the same church, in Limerick. I thought for a minute and then I said: It couldn't be the same church, because you are an Anglican and we are Catholics. He said: No, at the time it was a Catholic church. We had several changes back and forth like that in Ireland. So then he said: But you won't find any records on your family if you go to St. Peter's, because in Ireland, all church records were burned several times.

And then he looked at me with his blue eyes and said: I must say Jean-Baptiste is not a very Irish name.

To satisfy my curiosity, I went to Limerick and I stopped at St. Peter's Church, and of course I found nothing. I was anxious to see the records to find out whether our ancestors were really Irish or had come to Ireland from France to fight against King William III, who defeated James II at the Battle of the Boyne in 1680. Since my ancestor, Jean-Baptiste, arrived in Quebec in 1692 or 1694, this was not impossible. Unfortunately, I couldn't find any records to prove it.

To get back to Louis Riel, we can trace our ancestry to two different branches of the family. I was born two and half centuries and eight generations after the first Jean-Baptiste arrived. On our side of the family, I am related to him, twelve times removed. I could still inherit, according to section 634 of

Quebec's Civil Code, which provides that relations beyond the twelfth degree do not inherit. I am just at the limit. However, since my ancestor had fourteen children, and we can suppose this went on for several generations, I would probably have to share my inheritance with a lot of cousins, because the family "prspered and multiplied", although not as much as the Tremblays and Lévêsques in Quebec.

Now that is settled, from my extensive reading on the subject I have concluded that Louis Riel was brilliant as a child, and that is why Monsignor Taché, Bishop of St. Boniface at the time, felt he should be educated to become a priest and then come back out west and minister to the Métis. It was the custom in our distinct society for parish priests or bishops to decide who among the younger members of their flock would be destined for the priesthood. Many of us got our education this way, because it was still common practice when I was a boy. So Monsignor Taché sent Louis Riel to the *Collège de Montréal* when he was twelve years old, towards the end of the 1850s. He was given a sound classical education by the Sulpician Fathers and was regularly in the top ten of his class. The *Collège de Montréal* still has his marks, because unlike the church records in Ireland, the records at the *Collège de Montréal* were never burnt and were, in fact, carefully preserved.

Perhaps I should point out that when the parish priest felt that a student was promising and might have a vocation—meaning that he might go on to the priesthood—he was sent to a so-called *collège classique* or *petit séminaire*, and a benefactor was usually found to pay for his room and board.

Monsignor Taché, bishop of St-Boniface, had a regular benefactress in Montreal in the person of Mrs. Masson, whose husband, Joseph Masson, had made his fortune in the fur Trade and the building trade.

Mr. Masson was on the board of the Bank of Montreal. In fact, he was the vice-president of the board, which is saying a lot. He had built a small castle, a manor if you wish, for himself in Terrebonne, which still exists. It now houses a Quebec government educational institution.

Mrs. Masson paid Riel's way through college, where he earnestly studied French, Latin and Greek. Riel's prayer book, written in ancient Greek and annotated in his own writing, is kept at the National Archives. One can appreciate how good and fluent his French was by reading the well-turned literary writings he has left behind. For those who are interested, the Library of Parliament has a collection of the works of Louis Riel that have been published over the years.

So, Riel spent five or six years at the Montreal College. Incidentally, this institution run by the Sulpicians is the oldest and certainly one of the most renowned college in Montreal. By virtue of a settlement made on them by Louis XIV, the Sulpicians were the seigniors of the island of Montreal. The classical teaching was highly rated and their religious teaching was strict and akin to the Jansenistic doctrines of that time.

But what can a college boy do during the summer? Louis Riel could not leave Montreal for Red River at the end of June and come back by the beginning of September. The trip took two to three months one-way in those days, travelling part of the way by sear (on the Saint-Lawrence and the Great Lakes) and the rest by land, riding in a Red River cart or on a horse.

So, Mrs. Masson was putting Louis Riel up for the summer holidays and the atmosphere he lived in was excellent because Mrs. Masson was known for her charities as well as for being well-mannered and well-educated lady with a lot of class. Not only did she assist Louis Riel financially to enable him to pursue his education, but she also helped the young Adolphe Chapleau who later became Premier of Quebec, a minister under Sir John and a member of the Cabinet, who refused to grant a pardon to Riel. Adolphe Chapleau ended his career as Lieutenant Governor, with the title of Sir Adolphe.

The point I want to make with the Masson House is that there it contained a well-appointed library. The books had been bought by Louis-Joseph Papineau during his exile in Paris for Mrs. Masson, a friend of Mrs. Papineau.

There were Close ties between the Massons and the Papineaus. Louis-Joseph not only acquired the books for the library but also designed the *ex libris* for Mr. Masson. These facts are all in a book entitled "Société canadienne-française aux XIXe siècle," by Gérard Parizeau, the most competent and serious historian of XIXth century Quebec.

You may be sure that the Masson library bore the distinctive Papineau signature. It contained for the most part books on the French Revolution and books revealing a liberal way of thinking for those times. That is where young Louis Riel discovered the Charter of rights promulgated by the French Revolution, the "Déclaration des droits de l'homme et du citoyen", which provided inspiration later on in 1869-1870 when he drew a list of rights he imposed for Manitoba's entry into the Canadian Confederation. That was the first Charter of rights in Canada and it came 100 years before the Canadian Charter and before that of Quebec.

Louis Riel's education was therefore the result of two influences: one religious and classic under the guidance of Sulpicians and the other, through books of a liberal philosophical nature according to what was considered as liberalism in France and in Lower-Canada in those days.

We know what liberalism was in the XIXth century. According to historian René Raymond, it was a certain philosophy based on knowledge and truth.

> The mind must be capable of finding truth by itself, without any constraint, and a common truth must ensue from the colliding of opinions. The parliamentary system only reflects on a political level that belief in the virtue of dialogue. Such a philosophical view of knowledge implies that any dogma imposed by the Church must be rejected and that truth's relativity and the value of tolerance must be asserted.

Needless to say the Catholic Church of those days condemned that philosophy.

When he was around 18 Louis Riel and he was supposed to go into philosophy. He learned about the death of his father.

Travelling back to the Red River for the funeral was out of the question. Alone in Montreal, far from his native land, he made a very important decision: he would not pursue his studies. Some have wonder why, since he was a good student and was doing well. I do not have a confirmed explanation but I have an interpretation.

The decision to drop out of school also meant that he was giving up the idea of becoming a priest. One has to wonder whether it is the decision not to become a priest that resulted in his dropping out of school.

The Hon. the Speaker: Senator Riel, I must remind you of the Rules. However, the honourable senators may wish that Senator Riel finishes his speech.

Hon. Senators: Agreed.

Senator Riel: One has to wonder whether it is the decision not to become a priest that resulted in his dropping out of school. This is a situation that some of us that studied in classical colleges and small seminaries, have experienced. I have personally seen it happen.

One of my fellow students in college dropped out. He told me: I cannot do this to my benefactor, my family, my teachers, and so on. He thought this would be disloyal, so he became a garage owner. He may have done better than if he had become a lawyer or a priest, but that is another question.

This situation created a mental block for our young hero. I believe that he dispelled this trauma and this feeling of guilt by pursuing a youthful dream, perhaps quite normal, namely to transmit his philosophy of freedom, equality and fraternity to his people from the Red River and to all the immigrants of the world that would join them. You can find that in his writings.

Louis Riel then spent some time in the law firm of Sir Georges Etienne Cartier, to whom he made an ode as was the custom, and then in the office of Rodolphe Laflamme, if I am not mistaken. We know that Sir Georges was the lawyer for both the railroads and the Sulpicians, which is not necessarily a contradiction. As for Laflamme, he was a red radical from the Canadian Institute of Montreal and he pleaded against the Sulpicians in the Guibord case.

Two or three years later Louis Riel is back at the Red River. He is well educated, he can speak French, English and some local dialects, and he will play a major role in the protection of the rights of the Metis but also of all the residents of the area by obtaining that the Canadian government recognize their rights. He was instrumental in having the fundamental act of Manitoba passed, as well as the list of rights, and he obtained the recognition of linguistic and religious rights in Manitoba, just like those that Quebec had.

I could go on and talk about the role of the Catholic church in the events that took place. I could talk about the role of Donald Smith who would later become Lord Strathcona, and for whom I have a lot of respect. Lord Strathcona became the Governor of the Hudson's Bay Company and later President of Canadian Pacific. It is said that he would have cleverly distributed some dollars of the time, real dollars, to solve the problem but that Louis Riel, a young idealist of 23, would have refused.

● (1530)

Apparently, these dollars were given to other people for charity work.

Anyway, in November 1885, the Canadian Pacific held the famous ceremony of the Last Spike, with the famous painting showing Lord Strathcona. It was on November 7th. As for Louis Riel, he was hanged a week later, on November 16th. All this was told to me, about twenty years ago, by a former president of the Canadian Pacific, who allowed the company to float a major public borrowing which it just needed.

You might ask why Louis Riel wanted to found a religion. I think I can skip over that point.

I mostly have something to say about the effect. What you should not forget is that the hanging of Louis Riel had the effect of a nuclear bomb in the province of Quebec. It produced an enormous emotion which was maintained, sustained and used by talented politicians. It permitted Honoré Mercier to form the first nationalist Party which brought together Liberals, Conservatives and Beavers, that is the ultramontane Conservatives of that era. Honoré Mercier won the elections in 1886, riding on an emotional wave never seen before in Quebec.

Louis Riel's hanging led to a series of inflamed and well-attended public meetings. One of these was held on the Champ-de-Mars, in Montreal, where two great orators of the time, Honoré Mercier and Sir Wilfrid Laurier, spoke to a crowd of 50 000 people the day after Riel's death. My memory is not so good, but one of those two men started his speech as follows:

> "Too late, it is too late, my brother Riel has died."

and Sir Wilfrid made the following statement:

> "If I had been along the Saskatchewan River, I too would have raised my rifle."

As I have said, people in Quebec were very upset. I doubt there was ever a stronger emotion. Il was stronger than in 1837, because in 1837, the Church had forbid participation in the uprising. If you took the trouble to read the speeches delivered by Sir Wilfrid Laurier and Honoré Mercier, you would find the words "distinct society", which goes to show that words arouse different reactions depending on the persons and the times in which they are uttered. Montaigne expressed that very well more than 400 years ago when he said:

> Grammar is the source of most of the world's troubles.

In October 1968, the Government of Saskatchewan, under Premier Ross Tatcher, unveiled a monument to Louis Riel in front of the provincial Parliament building in Regina. The Premier invited Canada's new Prime Minister, Mr. Pierre Elliott Trudeau, my fellow university student and friend, who took me to this ceremony. There was a great banquet with many guests which was a big success. I beleive the erection of that monument showed, even back then, the spirit of redress

that we find in today's resolution. It was already in the air a long time ago.

Today we have before us a resolution based on consensus. This consensus is supported all across Canada. I mentioned the monument in Regina. We have to mention as well the monument in Winnipeg which dates back to about the same time; the Louis Riel Games in Edmonton; the postage stamp of a few years ago; the opera presented for Expo 67; several plays, a movie, many books, in fact more books on Riel than on any other Canadian politician, including Quebecers.

I am happy to add that a few years ago in Montreal, the Catholic School Board, under the chairmanship of Mrs. Lavoix-Roux, our colleague, gave the name of Louis Riel to an important high school, the Polyvalente Louis Riel.

I have no doubt that a national consensus has existed for a long time in Canada concerning the need for a change in attitude towards Louis Riel and for redress regarding the Métis people as they were called.

That is why I fully support this motion. Thank you for allowing me to explain.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, unlike my honourable colleague Senator Riel, I cannot claim to be a relative even in the twelfth degree of Louis Riel. On the other hand, I have the advantage of having lived with the Métis people in Manitoba.

I come from a small village a long way from Winnipeg a village predominantly Métis and French-speaking and I have lived with these people I dearly love, and have the highest regard for, but who unfortunately have been misunderstood for the longest time, as Louis Riel himself was misunderstood.

Frankly, I blame our school system for that. As far as I am concerned, one of the great Canadian tragedies is that we have never managed to agree on one single Canadian history. We teach a French Canadian version of history in French-speaking schools, and a English Canadian version in English-speaking ones. Riel is therefore portrayed as two very different persons.

As I discovered, painfully at times, having left my small home town to study at the University of Manitoba and from there, after training in the Canadian Officers Training Corps, I joined the Regiment in Winnipeg, the Royal Winnipeg Rifle, one of those that fought Riel in Batoche. I can tell you that, in my Regiment, they viewed Riel very differently from me. On those occasions when we cheated, we would be taught French Canadian history in my school. It was an English school you see.

That is to say that there is a misunderstanding across this country. Let us not delude ourselves into believing this motion that I do support, is going to make everybody happy. There is still a lack of understanding. I want Canada to go beyond that. Someone should produce a history of Canada that really tells what happened in our country, one that we could accept and all be proud of, instead of presenting two points of view and having this difficult attitude that we see so often.

[Senator Riel.]

I therefore support this motion. Indeed, I think that one could go further and I even predict that one fine day Riel will be recognized as a Father of Confederation.

Consider the situation in Manitoba back in 1869. The Hudson's Bay Company, which until then was the government, was giving up. There were talks with Canada, for which the people of Red River felt no particular attachment. Were it not for Riel and his group, Manitoba could very likely have joined the United States. In fact, there was an American consul in Winnipeg at that time and he was doing all he could to attract this colony to the United States. We know what the American attitude then was.

So what did Riel and the Métis people do then? He ensured that Manitoba entered Confederation honestly, with demands that the people of the region had made themselves and that the government had accepted. Given that, I do not see why he cannot be accepted as a real Father of Confederation as far as Manitoba is concerned. Maybe the country is not prepared to go that far now. For now, I find this resolution worthwhile and I support it.

● (1540)

[*English*]

Senator Grafstein: Honourable senators, during Senator Riel's very learned and fascinating speech, I had an opportunity to obtain from the library a book entitled *Strange Empire* by J. K. Howard which recounts the history of the Métis rebellion. The role of Louis Riel and also the role of Gabriel Dumont is considered.

May I refer honourable senators to page 307 of that volume, where it is indicated that, when Batoche came into being in 1870, its leading citizen was Gabriel Dumont. He was 32 years old at the time.

Later on, there is a statement that Gabriel Dumont was chosen President in the territory they called Saskatchewan, and the group expressly said it had no intention of setting itself up as an independent state. In effect, I think this book lays a strong historical claim to also treating Gabriel Dumont as a Father of Confederation when dealing with Saskatchewan.

Strange Empire also explores the very fascinating tale of the relationship of the these two men, Gabriel Dumont being the military leader and Riel being the political leader. When Riel was imprisoned, Gabriel Dumont set up an underground railway, if you will, to see if he could rescue Riel. Riel at the time, so says this history, expected that the government of the day, Sir John A.'s government, would grant him clemency. The government of the day did not move for clemency, and Riel was executed.

Honourable senators, I do not intend to make an extensive speech about Gabriel Dumont, other than to say that one military genius once told me that Gabriel Dumont was the only Canadian military leader never to be defeated in a single battle when there was an equal number of forces. I think the history of Gabriel Dumont as a military leader and as the first provisional president, I believe, of Saskatchewan, should also be noted on this historic occasion.

I have no objection to the motion as it stands, other than to add these words so that we may more fully understand the very intricate and complex role of history and the role of Gabriel Dumont in the history of the Métis people.

● (1550)

Hon. Len Marchand: Honourable senators, I will not take much of the Senate's time in debating this motion today. I wish I had had more notice in order to do a better job in speaking to the motion so that I could properly recognize this great man, who is a hero in the eyes of the aboriginal people of Canada. He is a great hero especially in the eyes of the Métis people of Canada.

I rise today merely to say I am pleased with this motion, as far as it goes. It properly recognizes and puts into perspective some of the true history of Louis Riel and the contributions he made not only on behalf of the aboriginal people but also on behalf of Canada. In the history of Canada—often it was too little history—which we were taught in our schools, the story of the aboriginal peoples was badly told. Louis Riel was portrayed as a rebel, a villain, a traitor. Those were the characteristics attributed to this person whom we have now come to believe was a real hero on behalf of our people at the time.

Honourable senators, I am glad that this resolution has been brought forward. I am happy to support it. Perhaps, if the constitutional conference process goes on a little longer, we will have all kinds of history coming out and being told in the proper light.

I was thinking last Friday night that the speech given by the right honourable Joe Clark in that conference was quite extraordinary. It was one of the better speeches in recent times to be given by a government minister. He wrapped everything together—the history and some admissions. If we could read between the lines of history, and could place people in the situations to see what really happened, we would see that some terrible actions were taken by people we now think of as great . Nevertheless, Mr. Clark made quite an extraordinary speech. And this is an extraordinary resolution to be making in these times. I am happy to support it.

Hon. Efstathios William Barootes: Honourable senators, I also wish to endorse the resolution as presented, but I want to draw your attention to a modern historical fact about Louis Riel.

Almost since I returned to Saskatchewan in the 1950s, we have had each summer a dramatization of the trial of Louis Riel played by amateur actors. It has often run through the whole summer tourist season. We have a tremendous tourist season in Saskatchewan, as you can imagine, made up chiefly of people passing through on their way to the mountains or from the mountains. We have encouraged many of them to go and see "The trial of Louis Riel". If you had witnessed the dramatization that went on in that courtroom scene and heard the speech given by Louis Riel as his closing speech before the jury were dismissed to make a decision, you would agree it is a most moving episode. I think it has run now in Regina for over 25 years, chiefly in the summer months.

I should tell you also that one of my very good friends, who is a lawyer in Regina, had made such a career of playing this role that he continued to wear Louis Riel's beard for many, many years until he gave up the role. I bring that to your attention to add to the affair.

Unfortunately, they told me last year, when I went there, that that was the last year in which the play would be performed. I hope they will renew it again this year, considering all the accolades that have been made about Mr. Riel and his contribution to Western Canada and to the Confederation of this country.

One other historical fact is of interest. Batoche has become, if you will, almost a sacred place to the Métis of Saskatchewan. Each year there is a celebration called "The Return to Batoche", and the people are caught up in an almost religious agony. "The Return to Batoche" occurs every summer in Saskatchewan.

Thank you, senators.

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

Hon. Senators: Agreed.

Motion agreed to.

THE BUDGET

STATEMENT OF MINISTER OF FINANCE—DEBATE CONTINUED

On the Order:

> Resuming the debate on the inquiry of the Honourable Senator Murray, P.C., calling the attention of the Senate to the Budget presented by the Honourable Don Mazankowski, P.C., Minister of Finance, on Tuesday, February 25, 1992.

Hon. Brenda M. Robertson: Honourable senators, a number of studies on children living in poverty in Canada have been done in the last few years. Senator Marsden referred to the study which our Standing Committee on Social Affairs, Science and Technology did, which was tabled in the Senate in January 1991. Some of us who worked on that particular study are now somewhat comforted and pleased with the hours that we spent. In the new child benefit package announced in the Budget, although we may not see everything we had wanted, some of us do see a direction that is encouraging.

I want to speak just on those reform benefits for a few moments this afternoon, honourable senators, to get a perspective of where we are going. We do know, of course, that governments cannot buy their way out of poverty; nor can they eliminate child poverty. however, collectively, we can work together toward that most desirable end.

In September of 1990 the Prime Minister co-chaired the World Summit for Children at which 71 of the world's leaders committed their governments to act on behalf of the world's children. Last May the Throne Speech reiterated our commit-

ment to children. It stated the objectives simply: to see Canadian girls and boys better educated, better protected and better nurtured so that they can make their own contributions to Canada's future.

Last December we completed another major step by ratifying the Convention on the Rights of the Child. The Prime Minister ratified the convention with great pride because it was an illustration of Canada's belief that children, indeed the world's children, matter. Now we have before us in this budget the outline of the proposed new child benefit program.

I believe, honourable senators, it is a major step forward. I know not everyone in this chamber would agree with me, but I can only interpret the program that we are promised as I see it from many years' involvement in social policy. It is a $2 billion step forward towards improving federal support for children and for families. The new proposed child benefit will consolidate the existing family allowance, the child tax credits and the dependent child credit into a single monthly cheque beginning January of 1993. The child benefit will also include an additional amount for the low income working family—the working poor as they are commonly known, and that additional benefit will top up at $500 per family.

● (1600)

It is a big step and I am quite happy about it. It builds on existing federal programs which total $15 billion annually for children and for families. It supports the roles of other governments and organizations. The most important thrust that I see is that it sets the stage for further important steps in this area of social policy concern.

We have had a bit of a patchwork over the years. There have been perhaps 20 separate occasions when these programs have been added to and adjusted by legislation or by a motion in the other place and approved here. Perhaps we are now going to get something that is a little more organized.

There are some key aspects, honourable senators, to the proposed new child benefit package. It is simpler, as you have read. It is one monthly cheque, there is no red tape and it is not taxable. It is fairer. It is designed for the children who need it the most; it is designed for low-income working parents and it is based on family income, not on the lower income of two adults living together or a husband and wife with only one income taken into consideration, which really put a heavy tax on couples.

It is more generous, with $2 billion spread over five years. As you search the Estimates you will find the $500 supplement. All families with a joint income of less than $50,000 will gain. The proposed benefit package gives a faster response to changes in family circumstances. That is very important. It is also fiscally responsible, and, unless programs are fiscally responsible, there is little guarantee that they will have any longevity.

There are some basic elements in the new child benefit package that I should highlight. There is one annual benefit per child, which is divided, of course, into 12 monthly payments. There is a supplement for three or more children of $75 per child per year. There is also the $213 supplement for children under seven. That amount, of course, is per year. The benefit reduces at $25,900 net for the family income, and there is a new earned income supplement. That income supplement starts kicking in at $3,750 and at the rate of 8 per cent of the earned income; it starts phasing out at about $21,000. The maximum for the working poor is $500 per family.

It has certain impacts on family. The level of benefit is the same for all families in the same category. The winners are the larger families, which will receive more. Families with $10,000 to $20,000 earned income will get the full $500 bonus. Those are the working poor again. Virtually all the single parent families will find themselves in a stronger position, as will the vast majority of one-earner families and the majority of two-earner families. The high-income families, of course, are the losers.

Money alone, as we all know, was not the solution. Many children in our country are at risk. They are hungry, they are abused, they are neglected. I was pleased to learn, when I listened to the minister's comments and read his statements, that he is going to start negotiating with the provinces, with our native people and with other community leaders to develop a program to assist children at risk. He has promised us that package, honourable senators, in the very near future. We are all looking forward to the details that we will find there.

When your committee was looking at this problem we were again dismayed at the poverty and the results of poverty to which native children were subjected, and the circumstances in which they were forced to live. It was very depressing to hear the witnesses talk about such poverty. Although we knew that our aboriginal children were the most at risk and the poorest of our children, it was brought home time and again by the witnesses.

As the minister negotiates and discusses these matters with, and learns from, our native leaders, and as he learns from our provincial and community leaders, it will be most interesting to see the end result as they collectively develop programs to strengthen the environment for these children, because we simply cannot allow them to live the lives they are currently living. We have to do better for them.

The problems facing these children are multitudinous, especially for those living in poverty, whether families of the working poor or families on social assistance. I know that some of you have asked why the children in that second group, those who are living in families which must exist on social assistance, are not being helped more, when the working poor are being helped more. There are very few federal government programs that will help the working poor. This is one of the first times that a strong program is starting to emerge which will give those working poor parents some encouragement.

The very cost of working has never been considered in regard to their take-home pay. I hope the minister will come back to deal with those living on social assistance alone. As you know, that is the group that is paid for jointly by the provinces and the federal government. In a previous study

done by our committee we noted that when payments to individual citizens were increased by the federal government that increase did not always go into the pocket of the person for whom it was targeted. Rather, the province would reduce its contribution, in one instance, by the total amount of the federal increase. In other words, they were dealing with it as an another transfer payment. One province was absorbing 100 per cent of all individual transfers and the other provinces, with the exception of Alberta, were charging back or escaping a percentage of their responsibilities. As the federal payment went up, theirs would go down.

Obviously, there will have to be negotiations with the provinces and a commitment by all governments in Canada to attack poverty before we can make real progress in that direction.

The problems facing our children are many and varied and require a range of solutions. We continue to rework and update our approach to supporting children. I believe very strongly that governments today need to face today's realities with solutions designed for today, not solutions that were designed for yesterday. The world is changing very quickly. Our young people are so important to the future of our country that they must be supported at the level of thinking, planning and negotiating so that we can help them grow up to be productive and contributing citizens in our country.

● (1610)

Hon. Lorna Marsden: Honourable senators, I am very glad that Senator Robertson has spoken on this proposal. I think it would be helpful if she could give us the answers to one or two questions, in preparation for the debate which I am sure is coming.

First of all, I wonder if Senator Robertson knows who will receive these monthly payments? As we all know, the family allowance has traditionally gone to the mother, and that has been considered a crucial factor.

Secondly, I wonder if she would comment on the lack of indexation, which I had referred to earlier.

Thirdly, Senator Robertson said the winners are the poor families and high-income families are the losers. Of course, high-income families now have their child benefits taxed back, for the most part, except for the nanny's section, which is increased and not decreased. The average family income in this country is now just over $51,000. Would it not be more correct to say that the real losers are not the high-income families, but the families whose incomes are just over $51,000? They are the ones who will receive no benefits, including no more family allowance, and who will be the real losers.

Senator Robertson: With respect to your latter question, Senator Marsden, the winners are those families earning up to $50,000, but there are still small benefits going to those earning up to $60,000. That has not been completely phased out at that level.

Perhaps I should rephrase that: The losers, you say they are losing now. Yes, they are losing now. It is being taxed back. Perhaps I should have said that if high-income families thought they would gain any benefit from this program, they were wrong. Perhaps my phrasing was incorrect.

I want to talk about indexation, a matter that you and others have raised in the chamber from time to time. I see the approach that the government is taking in this regard as providing a vehicle for government in the future to deliver benefits to children. In our committee, we talked about the bookends. We have the Guaranteed Income Supplement at one end for senior citizens, but there was nothing much at the other end for the children. Those of us who sat on that committee, if you will remember, Senator Marsden, looked at a guaranteed income supplement for children. Call it by whatever name you wish, I see this children's benefit as a vehicle for getting that other bookend in place.

In line with that notion, the three programs that the new children's benefits will replace are also now subject to the 3 per cent freeze. However, I would look at the child tax credit. I would not look at family allowance. Since the 3 per cent freeze has been in place, family allowance has not increased by much. It is only after the 3 per cent that you have increases. However, although the child tax credit was also under the same legislation, it has increased significantly over the years because it was targeted to the poorer families.

I am confident that regardless of which party forms a government in the future, that government would be very hard pressed not to make major increases to this progran from time to time as they did with the child tax credit because it was targeted. I am not worried by the 3 per cent control because I think that guarantee must be included in there. We are now in an era of low inflation, and it looks as if we will be in that era for some time. I suggest to you, for instance, that in 1983-84 when we had the 5 and 6 per cent ceiling and inflation was certainly in double digits, poor families were in a more difficult position then than they are now. If you do not have control, those who support an increase that reflects the yearly cost of living or of inflation are saying at the beginning of the program that that is enough money. If you go back to our committee, we generally agreed that if we could ever start a program like this, guaranteed income for children, it would probably take eight or ten years before we got to a level of support that would make a meaningful impact on poverty.

I see this program as a vehicle which will give any government the opportunity of directing those dollars to those most needy. However, you have to have some fiscal responsibility. I do not think you can let any program float away with a cost-of-living index. I believe fiscal responsibility is terribly important, but fiscal responsibility does not take away from the government the opportunity and the ability to increase that program from time to time as the moneys are available.

With respect to the question of who will receive the payments, the cheques will come, as the family allowance cheques did in most cases, to the mother. The cheques will continue in that manner.

On motion of Senator Marsden, debate adjourned.

BANKING, TRADE AND COMMERCE

ELEVENTH REPORT OF COMMITTEE ADOPTED

The Senate proceeded to consideration of the Eleventh Report of the Standing Senate Committee on Banking, Trade and Commerce (Budget—Canadian Financial Institutions), presented in the Senate on 27th February, 1992.

Hon. Jean-Marie Poitras: I understand Senator Kirby submitted this report. The only thing I have to say is that this report concerns the budget of the Senate, which has been accepted by the committee concerned. I move that the report be adopted.

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

Hon. Senators: Yes.

Motion agreed to and report adopted.

● (1620)

RAILWAYS

PROPOSED SALE OF RAIL LINES—DEBATE CONTINUED

On the Order:

> Resuming the debate on the inquiry of the Honourable Senator Graham, calling the attention of the Senate to the ramifications of the sale or proposed sale of certain rail lines in Canada.—(*Honourable Senator Bonnell*).

Hon. M. Lorne Bonnell: Honourable senators, this item has been on the Order Paper for some 13 days. According to the new rules, if I do not speak to this matter today, it will be dropped from the Order Paper. I would prefer to leave it on the Order Paper for another few days until the Inquiry that is taking place is concluded and the Transport Committee has made its report.

Some Hon. Senators: Agreed.

Senator Bonnell: However, rather than doing that, I will speak on it today in order to bring to your attention the work of the Transport Committee under the chairmanship of Senator MacDonald. He is doing a great job for Nova Scotia and a good job for his government, as well as a good job, I hope, on behalf of the people of Cape Breton, because he is showing what a tragedy it will be for Nova Scotia and Canada if the CNR walks away from these rail lines. It would leave the people in real distress in Cape Breton if this line were passed over to some private operator who, perhaps in another year, would go bankrupt and put the land up for sale and maybe sell the stations and sell half their equipment so that no one else could operate in the years to come.

If this rail is sold there is no guarantee that it will ever be operated again by anyone. If someone from the United States of America, or from Japan or some other nation, is given a contract to take over the shortline, there is no guarantee that he will not take financial advantage of the situation in about a year, saying that it is not making any money and starting to sell off the assets. In the meantime Cape Breton would be left with many industries in need of that rail. They are now hauling 75-foot rails from the steel works over that line. Those rails are a tremendous weight and it is dangerous to transport them on a highway. No truck that I know of can haul those 75-foot rails. A regular highway would never withstand the weight of those rails even if they were carried by those great big 18 wheelers. Apart from that, many of the other industries in Cape Breton also need this rail line.

I am afraid that there will be a repetition of what happened in Prince Edward Island and Newfoundland. The first thing they did in Prince Edward Island was to say that it was not profitable to carry passengers. So they did away with the passenger trains but kept the freight trains. It was not many years before they began neglecting the rail. They put no money into repairing the railroad and eventually said that it was not profitable. No one would use the rail because of lack of safety and they would not put a load on the track. They did not encourage or promote the use of freight trains on the track, and finally they did away with the freight trains. So we no longer have freight trains in Prince Edward Island. As if that was not bad enough, they then started to sell the rails. Now we do not even have a rail line. Perhaps some day we will get a good government that will put the rails back. The rails are gone now. They would have to start from scratch again, just as they did in 1873.

Hon. Royce Frith (Leader of the Opposition): They will sell the road bed next and then they will sell the whole island.

Senator Bonnell: I would not be surprised if they did sell the road bed. If they gave it back to the farmers to grow some good potatoes then we would not have the federal government turning them down because of the PVY-n virus, and preventing them from exporting their potatoes anywhere, even to the other provinces in Canada. That is what happened in Prince Edward Island. It will happen in Cape Breton Island and it will happen from Truro to Sydney. It happened in Newfoundland. I used to travel on the old Bullet line in the 1950s. I used to go from Port-aux-Basques straight through to St. John's on the Bullet. It is gone now.

Senator Murray: When did that go?

Senator Bonnell: I do not know the year, but it went since I travelled on it and I am not that old.

Senator Marshall: The early 1970s.

Senator Bonnell: The early seventies according to Senator Marshall. He knows all about Cape Breton and Newfoundland. He knows how bad the situation will be, as far as all Cape Bretoners are concerned, if this freight train from Truro to Sydney is taken away. It will be a disaster if the CNR is allowed to do this. We need a strong government and a strong committee to recommend to that government that they not allow it to happen.

I do not believe that the province of Nova Scotia is too anxious to have it put on their heads, because immediately once the CNR backs out then I would think it would be up to the provincial government of Nova Scotia to make regulations and rules for transportation of rail in their province. I do not

[Senator Robertson.]

think they are too happy about that. I did not have the opportunity to go to all the hearings, but any that I went to were interesting and informative.

This is an important issue. We are waiting for Senator MacDonald's report. I know with his heart in Nova Scotia and his feet in Nova Scotia—in fact, he comes from Nova Scotia—that he will be thinking of Nova Scotia when he brings in that report. If he needs me to go and help him make a motion, and support it, to ensure that the CNR stays there and operates that rail, I will. As far as I know it is still profitable and they are simply trying to make some kind of excuse so that it appears not to be profitable.

Senator Frith: No, they admit that it is profitable. It is marginally profitable.

Senator Bonnell: "Marginally" means that it is profitable. There are a lot of margins right now and a lot of people going bankrupt because they have no margin of profit. But that rail spur is still marginally profitable. But if they can make it unprofitable so that they can get out of it gracefully they are likely to try to do so.

Senator Frith: Senator MacDonald will not let them get away with it.

Senator Bonnell: With those few remarks, honourable senators, I should like to wait until the full report comes in. Perhaps I will have a chance to debate this again when the report enters this chamber. Thank you very much.

On motion of Senator Corbin, debate adjourned.

FISHERIES

FOREIGN OVERFISHING—DEPLETION OF NORTHERN COD STOCKS—DEBATE ADJOURNED

Hon. Jack Marshall rose pursuant to notice of February 18, 1992:

> That he will call the attention of the Senate to the report of the Standing Senate Committee on Fisheries: The Marketing of Fish in Canada "East Coast Fisheries", dated December 1989; and specifically as it relates to the recommendations applicable to the present state of the fish stocks due to foreign overfishing.

He said: Honourable senators, I rise to speak to this Inquiry because it will serve to emphasize the warnings the committee heard back in 1987. We heard then from witnesses who gave evidence of the very issue which is so unsettling and critical today. I refer to foreign overfishing and the action of the government, which was forced to reduce the quotas for Canadian fishermen by 35 per cent. They are down from 185,000 tonnes to 120,000 tonnes.

Certainly, honourable senators, the state of the fisheries should be no more alarming today than it has been for the past many years. Indeed, the gradual and continuing reduction of stocks by foreign overfishing and the serious state of the fisheries in the seventies and even before prompted Canada to extend its jurisdiction to 200 miles back in 1977, some 15 years ago.

I think it should be noted that the declaration of extended jurisdictions, which everyone was lead to believe would solve all the problems of fisheries, created other problems; namely, two boundary disputes—one with the United States in the Georges Bank-Gulf of Maine area which was resolved by reference to the International Court of Justice in The Hague in 1984 and one with France which claims a 200-mile economic zone around the islands of St. Pierre and Miquelon off the southern coast of Newfoundland. This last issue is one that seems to have been largely unforeseen in 1977, but one which has since become an ongoing irritant for all concerned and as yet is unsettled.

● (1630)

A study in 1988-89 showed the need for a reduction in fishing in area 3PS in order to rebuild and stabilize cod stocks because of uncontrolled harvesting by the St. Pierre and French metropolitan dragger fleets. The committee was told that France may have exceeded by four times its assigned quota in the zone 3PS, a particularly critical area to Newfoundland inshore fishermen which has not been mentioned since. I intend to deal with the St. Pierre and Miquelon issue separately at a later date. At that time, I will describe my visit to that area in 1976, and relate some very revealing stories as a result of that visit.

Dealing with the northern cod issue, on March 5, 1987, Mr. Ron Bulmer gave evidence before the committee. He was then president of the Fisheries Council of Canada, which represents some 182 corporate entities in the fisheries with a membership that includes seven provincial organizations. Certainly, it is one of the most responsible fisheries groups in Canada. Mr Bulmer said this while giving evidence before the committee:

> This problem of overfishing has reached that kind of priority level where the government and other ministers must support the Minister of Fisheries. Let's get this problem broadly aired, let us make the senior members of government external affairs, finance and the Prime Minister himself absolutely aware of it, and let us get it on the list of objectives so that every time they are meeting with France, Brussels, South Korea or even Washington, fish is not a nonissue in those discussions.

I repeat, that was five years ago. On May 24, 1988, another witness, a hard-working and industrious fisherman, offered these words to the committee:

> We fishermen are not too familiar with all this foreign policy stuff, but I am sure that we could rattle some cages if Canada had the political will to do so.

Honourable senators, I do not restrict those remarks to any particular government.

The President of the Fisheries Council, Mr. Ron Bulmer, told us—not only the committee but certainly the Government of Canada and everybody that would listen in North America—more about the state of the fisheries as reflected in a paper they produced entitled, "Foreign Overfishing: A Strate-

gy for Canada". Here is one of the warnings in their report. I notice everybody is interested.

Senator Frith: I am listening and even taking notes.

Senator Marshall: He said:

> Unless foreign overfishing of the stock is significantly reduced and the stock is rebuilt to its full capability the aspirations of long-term and sustained prosperity envisioned when Canada gained management control over the northern cod stock will remain unfulfilled.

Another warning:

> . . . the magnitude of overfishing of these stocks outside Canada's jurisdiction is alarming and increasing. The ability of the Spanish and Portuguese fleets to continue to fish these stocks at levels that are totally uneconomic for the Canadian fleet is highly discouraging regarding the long-term prospects for these stocks.

This is what Mr. Bulmer told us in the executive summary:

> Overfishing by foreign fleets of Canada's straddling stock has reached the point where their long-term viability to the Canadian fishing industry is in jeopardy. The current approach is not working. The Northwest Atlantic Fisheries Organization (NAFO) is proving itself to be ineffective as a mechanism to adequately protect Canada's interests. NAFO participants such as Spain and Portugal and non-NAFO fleets from South Korea, Mexico and the United States of America are overfishing important cod and flatfish stocks by 110,000 to a 130,000 tonnes—

That was in 1987, five years ago, and we have just reduced the stocks for Canadian fishermen to 120,000 tonnes, less than they are fishing

> —as much or more than the new Canadian quotas. The quality of transboundary fish caught by foreigners outside our 200-mile limit in 1985, seven years ago, represents an annual market value of about $150 million.

I wonder where was the screaming then when we had all those warnings and no one would listen to our report or to the detail of the investigation that the Fisheries Council of Canada made through NAFO? Mr. Bulmer went on to say:

> There is obviously a strong incentive for these fleets to continue to escalate their fishing efforts outside the Canadian zone. If uncontrolled, this activity by the foreign fleets will threaten the livelihoods of fishermen and plant workers dependant on these fish stocks. In view of the magnitude of the problem, the Fisheries Council of Canada calls on the direct participation of the Prime Minister of Canada and the Secretary of State for External Affairs to develop with the Minister of Fisheries and Oceans a concerted action plan to eliminate the foreign overfishing of those stocks which are vital to the Canadian industry and to many fishing communities in Atlantic Canada. In addition, the Government of Canada should now embark on a long-term strategy to enable Canada to gain functional jurisdiction on the nose and tail of the Grand Banks.

[Senator Marshall .]

This is what everybody is screaming about today and it came down from the Lord. Five years ago they were warned about this. Mr. Bulmer elaborated on that theme in his opening statement to the committee. I am sure many members of the committee who are here today would remember. Senator Rossiter, Senator Cochrane, Senator Thériault and Senator Corbin asked some very pertinent questions that day. This is what Mr. Bulmer said in his opening remarks:

> Let me say I agree with you that this is an issue that is actually more serious than the Canada-France issue which you have been looking at over the last couple of weeks. To put it in perspective, you were looking at a total of about 14 vessels from the French metropolitan fleet and 6 vessels out of St. Pierre and Miquelon, and the impact they would have on fish stocks in Atlantic Canada.

He went on to say:

> I hold in my hand today the North Atlantic Fisheries Organization circular dated January 30, 1987 which indicates, through that organization, the number of European NAFO member vessels planning to come to our coast this year to sit, basically, outside the 200-mile limit and fish.
>
> Gentlemen, this list alone comprises 164 trawlers which intend to come to our coast this winter, spring and summer, for fishing activities. So I put that in the context of the approximately 20 vessels you have been talking about—

Meaning the committee.

> —around St. Pierre and Miquelon. This list is only from companies who are members of The North Atlantic Fisheries Organization—basically the East Bloc countries, Japan and European members. In addition, you would have all of the vessels that would be coming from countries which are not members of that organization, for example, the United States of America, South Korea, et cetera.

Mr. Bulmer then said:

> To bring that point home, on the cover of our pamphlet we used a picture that was taken in the action room in the Scotia Fundy, where they record with their overtracking how many vessels are sitting outside the coast. Each of these maps represents the country and the number of vessels from that country which were spotted on a given day in 1986. There were 146 vessels.

● (1640)

I understand that Mr. Rabinovitch, the Assistant Deputy Minister of Fisheries, was at the United Nations screaming over the same problems that we told him about five years ago.

> From these maps, you can see the 200-mile limit. You can see the number of countries that are licensed and have reason to be inside our zone. You can see by this cluster of maps the number of vessels which were sitting on what is called the nose and tail of the Grand Banks, fishing cod

and flatfish stocks. You can see where cod and American plaice, as examples, extend outside the 200-mile line. If you compare where fish are with where the foreign fishing pressure is, you very quickly get an appreciation of the impact of 146 trawlers, without quotas in most cases, sitting out there fishing.

Honourable senators, the committee took heed of those remarks of the wise counsel, Ron Bulmer, and we made some recommendations. Leading up to those recommendations, we stated in our report, the committee's advice is similar to that proposed by the Fisheries Council of Canada and the Oceans Institute of Canada that we visited, and the Northern Cod Review Panel (the Harris panel) which was doing a report and an examination on the fisheries at the same time at a cost of over $511,000 while we were doing the same thing and reaching the same conclusions.

> Extending Canadian jurisdiction beyond 200 miles would involve members of the Northwest Atlantic Fisheries Organization (NAFO) agreeing to give Canada functional management jurisdiction over the straddling stocks in the organization's regulatory area. Such action would not be for Canada to claim a sole right to harvest straddling stocks on the high seas; rather, its purpose would be to preserve Canadian interests and the interests of the international community in the conservation of these stocks. Such authority is arguably implicit under Article 116 of the third United Nations Convention on the Law of the Sea (UNCLOS III), which grants countries the right for their nationals to fish on the high seas—a right which is, however, made subject to the rights, duties and interests of coastal states. The essence of Article 116 would then allow coastal countries like Canada the right to establish conservation measures for straddling stocks, even on the high seas in the absence of international agreement. Limited extensions of jurisdiction have also been suggested; for example, a provisional extension could be declared until an appropriate resolution process is agreed to or until a negotiated agreement acceptable to Canada is reached.

Honourable senators, Recommendation No. 6 of the 42 recommendations we have in our report states:

> That the federal government step up sanctions beyond port closures, which they had been doing, and the curtailment of preferential access to surplus fish stocks within the 200-mile limit to bring pressure on those countries that overfish the so-called straddling stocks.

The Prime Minister, the Secretary of State for External Affairs and the Minister of Fisheries and Oceans should have developed a strategy five years ago to establish full, functional Canadian fisheries jurisdiction over the whole continental shelf.

We made 41 other recommendations, honourable senators, including Recommendation No. 9, worthy of mention, which states:

> That a major peacetime role of the Canadian military should be surveillance of Canada's coast lines.

They are squealing about that now. The Minister of Fisheries responded 13 months after our report. I did not even receive it during my term. Senator Robertson was good enough to get it for me.

The then Minister of Fisheries stated that issues relating to overfishing on the continental shelf outside Canadian jurisdiction are of active concern to the Government of Canada. In allocating fish surpluses to Canadian requirements, the Government of Canada encourages foreign fleets to respect conservation of these stocks. With respect to jurisdiction, the policies of the Government of Canada are, and must continue to be, in full accordance with the Law of the Sea Convention of the United Nations.

As I said before, Honourable senators, it took the then Minister of Fisheries a year to give that blistering response.

I can tell the members of the committee something they did not know before. When we tabled the report, I gave it to one of the officials at DFO for whom I had great respect, who was an expert in all phases of the fishery. He responded two weeks after he read the report. It took the minister and all the other officials in the department over a year to respond. Why? Because the report emanated from the Senate.

The gentleman whom I had consulted said that the most important consideration, following on the work of your committee, will be the implementation of the recommendations after government and industry have had an opportunity to complete their assessment. I believe DFO has to take the lead and initiate action after comments have been received and compiled.

He commented on Recommendation No. 6, our main recommendation. He said that NAFO is definitely not working. The Prime Minister, together with External Affairs and Fisheries, must do as the Senate committee recommended. We missed the boat on the French deal in connection with 3PS by not taking a different approach, and I expect St. Pierre/Miquelon will come out a clear winner unless our negotiators are very astute.

On Recommendation No. 9 he stated that not only should we utilize the military, but the Canadian Coast Guard should be operating patrol ships for fisheries surveillance.

Honourable senators, that is all I have to say today. I thank Honourable Senators for giving me the extra time. In the coming days I hope that I will be able to deal with other issues in more detail, such as the St. Pierre and Miquelon issue, the extensive report we did on the seals and the recommendations we made on those matters.

On motion of Senator Corbin, debate adjourned.

[*Translation*]

THE CONSTITUTION

HISTORICAL PERSPECTIVE OF THE DISTINCT SOCIETY OF QUEBEC

Hon. Paul David rose pursuant to notice of Wednesday, February 19, 1992:

> That he will call the attention of the Senate to his historical understanding of the distinct society of Québec.

He said: Honourable senators, to me the distinct society concept, which has given rise to stormy debate for a number of years, is an undeniable fact, and I would like to go back in history to prove the legitimacy of Quebec's demands in this respect.

On June 3, 1987, the ten provincial Premiers and the Prime Minister of Canada signed the Meech Lake Accord, which recognized that Quebec constitutes within Canada a distinct society.

As you know, the accord was rejected after the parties failed to ratify it within the requisite three-year period.

Critics of the accord wanted Quebec to be like any other province and maintained that this recognition constituted a threat to the survival of a united Canada. History tells us otherwise.

Act the end of the seventeenth century, French colonial authorities acknowledged that the *Canadeans* in New France were different. They—the French colonial authorities—realized a new nation was developing. At the time, the term Canadiens or Créoles du Canada applied to those Francophones who had settled permanently in the St. Lawrence valley, and the term Français referred to those who were temporary residents. France recognized the distinct identity of the *Canadiens*. Perhaps the best definition was given by Guy Frégault. Referring to the Francophone people who constituted Canadian society in North America at the end of the French régime, our historian writes:

> Its history gave it a distinct personality . . . Generally speaking, the *Canadiens* became aware of their ethnic individuality . . . These were people who carved out a country for themselves. When it came time to defend and then rebuild it, they were practically on their own. Today their country is their own creation. It belongs to them, and they belong to it, and that is what motivates their national feeling.

One understands how surprised the British were after the conquest in 1760. Historian Robert de Rocquebrune wrote:

> When the English arrived in this country, they found a people: the *Canadiens*.

In 1763, the Royal Proclamation established a civilian government. Although it tolerated the free practice of the Catholic religion, it nevertheless favoured a policy of assimilation. The existence of such a policy is proof that a distinct society was alive and well in North America.

[Senator Marshall.]

In London, they realize that the Royal Proclamation does not produce the expected results and they revise the strategy. We are in 1774, the year of the Quebec Act.

This bill is not unanimously approved. Member John Cavendish says:

> I believe it essential not to give back their laws to Canadians. They will forever resort to those laws and customs, which will continue to make them a distinct nation.

It is to be noted, honourable senators, that more than 200 years later we still hear the same arguments.

On June 22, 1774, King George III gave Royal Assent to the Quebec Act.

With this Act,

. . . writes Jean-Charles Bonenfant, . . .

> the British Parliament implicitly accepted the survival of the French civilization.

It is important to remember that the Quebec Act was passed at the time of the Revolution of the thirteen Anglo-American colonies.

The establishment of the United States of America resulted in an important migration movement to Canada: More than 30,000 Loyalists settled in the British colonies; of that number, some 7,000 came to Quebec.

At the end of the 1780s, the British want a country that is an accurate picture of the motherland (which seems to me to be quite normal) and Canadians demand a parliamentary system, provided that they can control their own destiny.

In England, they are quite aware of the fact that they cannot alienate the important French population in Quebec. So, when introducing a bill, the British Prime Minister William Pitt said:

> The first important objective is to divide the province into two sections to be called Upper and Lower Canada, and to give each a local legislature. This division, we hope, can be made so as to give each element a vast majority in its section . . . By dividing the province in two, the present causes for controversy will disappear and, in Lower Canada,

added the Prime Minister,

> since the residents are mostly Canadians, their Assembly will be adapted to their particular customs and ideas.

So, not only did William Pitt recognize the existence of a distinct society in his colony, but he consolidated its position. The Constitutional Act, which received the Royal Sanction on June 10, 1791, officially recognized of the two majorities of the time.

At the beginning of the Nineteenth century, the distinct society has its own political party and its own newspaper, both called *Le Canadien*. This distinct nation openly speaks on behalf of the "Canadian nation". That expression irritates Governor James Craig, who wrote in 1810:

> Their habits, their language and their religion have remained as different from ours as they were before the Conquest. In fact, it seems that it is their wish to be considered a distinct nation.

Alexis de Tocqueville also noted that when he came to Quebec in 1831:

> Lower Canada is a different State. In Lower Canada, the French population outnumbers the English population by 10 to 1. It forms a compact group. It has its own government and its own Parliament. The French population truly is a distinct nation.

As you can see, honourable senators, the notion of distinct society goes back further than Meech Lake.

The Constitutional Act of 1791 established the foundation for a parliamentary system by granting a House of Assembly. French-Canadians will soon become familiar with all the complexities of the system. They would use this assembly efficiently to assert their rights and protect their culture. However, it was a source of problems as the English-Canadian government of Lower Canada was required to have its laws passed by a French-Canadian assembly.

From 1791 to 1837, there were many conflicts and indeed two rebellions, in 1837 and 1838. London reacted by sending Lord Durham to investigate. He would say in his report, and I quote:

> I expected a conflict between a government and a people; I found two nations warring in the bosom of a single state.

We were in 1839, and I draw your attention to the fact that he was not talking about a distinct society, but about two nations.

● (1650)

London solved the problem by bringing together both Canadas. Passed in 1840, the Union Act was supposed to eliminate the distinct society. But it brought the opposite. British people, who came to United Canada in thousands, chose to live in what was to become Ontario and farther west. The assimilation of the distinct society proposed by Durham was a failure.

In spite of its new minority status, the distinct society became progressively more assertive and constantly claimed its right to protect its own language, culture and economy. Confrontation between representatives of the two peoples never ceased in Parliament. From 1854 on, ministerial instability was such that Canada became unmanageable.

A new direction was needed; it was to be Confederation, which became effective in 1867. As Jean-Charles Bonenfant wrote:

> "Confederation became a reality because English Canadians needed French Canadians to be part of it . . ." And

he added

> that French Canadians wanted federalism to guarantee their survival. They wanted a Quebec where the French Canadian majority would control its own destiny. But at the same time, they accepted that an extraordinary protection of the English-speaking minority of Quebec be entrenched in the Constitution.

We should note, honourable senators, that from Conquest to Confederation, nobody ever denied, nor necessarily approved, the existence of the distinct society.

During its first few decades, the Canadian Federation was plagued by crises which showed its fragility. We were reminded today of the Louis Riel case, but we could mention the issue of the schools in Manitoba and New Brunswick, and the two crises of the conscription.

We must add to those conflicts the constitutional issues which were and are still the subject of numerous commissions.

In 1953, Maurice Duplessis, the premier of Quebec, formed the Tremblay Commission, which tabled its report in 1956. The commissioners reaffirmed the distinctiveness of the Quebec people. They wrote:

> Because of its history as well as the cultural character of its people, whatever we may say, Quebec is not a province like the others. Its speaks for one of the two ethnic groups that founded the Confederation.

The Laurendeau-Dunton Commission on bilingualism and biculturalism, named in 1963, came up with the same conclusions recognising the distinct society.

In his personal journal, which is fascinating reading, André Laurendeau asked realistically, in 1964, the question which is still haunting us today:

> *How do we fit the minimum demand of French-Canadians into the maximum acceptable to English-Canadians.*

The question is blunt and unequivocal. A year later he wrote:

> *How can we integrate, without stifling it, the New Quebec which has been emerging since 1959?*

Many realized that time was running out and that one could no longer ignore in all impunity the Canadian reality, at a time when Quebec was undergoing its quiet revolution. I am thinking in particular of Walter Gordon, former minister of Finance in Ottawa, who wrote in 1966:

> *Time has come to realize that Quebec is not a province like the others . . . The revolution in Quebec makes it now essential that the English element recognizes and accepts that fact.*

Twenty-five years after these pronouncements, we are still asking ourselves the same questions. Yet, in 1963, Prime Minister Pearson was saying:

> *Quebec is much more that a province within our Confederation, because it is the heartland of a people: In fact, it is really a nation within a nation.*

In 1979, the Commission on Canadian unity, better known as the Pépin-Robarts Commission, would reach the same conclusions. According to the commissioners,

> Quebec is and will remain basically French, both linguistically and ethnically. In this respect, it is highly distinct from the rest of Canada.

On May 20, 1980, during the Referendum, Quebecers pledged their trust in renewed federalism. However, this was followed by the patriation of the Constitution on April 17, 1982, without the signature of the Premier of Quebec.

Communications between Quebec and English Canada had broken down. It became essential to reopen the dialogue and start a process of national reconciliation.

This reconciliation, which was mentioned several times earlier today in connection with the Riel motion, reconciliation "with honour and enthusiasm", was the prime objective of the present Prime Minister Brian Mulroney.

Honourable senators, I think it was a serious mistake to kill Meech Lake. If the accord had been ratified, it would already have settled a number of major problems in connection with the renewal of Canadian federalism. Granted, it would have been imperfect in the eyes of some Canadians, but at least we would have made some progress.

The Hon. the Speaker *pro tempore:* Honourable senators, the senator has already exceeded his speaking time. Is it your pleasure to allow him to continue?

Hon. Senators: Agreed.

● (1700)

[*English*]

Hon. Royce Frith (Leader of the Opposition): Leave is given, but not without noting that it is really becoming a little absurd to interrupt a speech like this because the 15 minutes has gone by. It is not as if we are so pressed for time that we cannot wait another five minutes for Senator David. I want it noted on the record so that when the committee deals with this matter, we can come up with something a little healthier than this 15 minute limit, which is absolutely absurd. What has happened is just another illustration of the absurdity. That being said, please continue, Senator David.

[*Translation*]

Senator David: Honourable senators, I thank you for allowing me to carry on. I need four or five more minutes. So we were saying that if the Meech Lake Accord had passed, we would have covered quite a bit of ground.

We would have been able to concentrate on the other aspects of a federalism adapted to the demands of this day and age.

Is it too soon for me to rejoice because more and more Canadians urge the government to recognize the specificity of the distinct society? I am reminded among others, of economist John McCallum who, in a moving appeal to Canadians from other provinces, urged them to recognize our distinct society. Alliance Quebec, in its submission to the Beaudoin-Dobbie Commission also said unequivocally that Quebec should be recognized as a distinct society. Very recently, at the conference in Toronto, we also noted the same positive attitude. Those stands come at an appropriate time because we have a rendez-vous with history and we will soon have to cut this Gordian knot. Like André Fontaine, the former director of the newspaper "Le Monde" wrote:

> *Each people inherited a past that has left too profound a mark to suddenly disregard it.* The question now comes down to whether Canadians are interested in living in a country that recognizes a distinct society of 6 million people.

However, the notion of distinct society seems to present a problem of interpretation. The word "distinct" itself seems to be a problem. Several people maintain that in English, the word "distinct" carries a connotation of superiority. I must admit that all my etymological research on that word has not enabled me to confirm that claim.

In my opinion, at least in Quebec, the notion of distinct society was never meant to refer to anything other than the feeling of being different that prevails since 1760.

We cannot deny our past and we do not have the right to jeopardize the future.

I hope that it is still possible for Quebec and Canada to reach a compromise. This will require a good dose of mutual understanding and acceptance of our differences.

But is it not our openmindedness, our tolerance and our respect for individuals that have made Canada the envy of the world? We have to continue to apply those principles. Time is of the essence. As we look to the Twenty-First century, the numerous challenges that Canada must face in every field compel us to react urgently with maturity, common sense, restraint, energy and optimism to the Constitutional amendments which, even if they are imperfect, would represent a tremendous step ahead for all Canadians.

In concluding, I want to thank Mr. Philippe Poulin whose research work has enable the drafting of this speech, which is a summary of the work that we hope to present in the near future.

I thank you, honourable senators, for having listened to me with an open mind and, hopefully, with satisfaction.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, will Senator David allow me to ask him a question?

Senator David: Yes, certainly.

Senator Molgat: Honourable senators, I was very interested in Senator David's presentation. Following your reasoning, what position do you take on Chief Ovide Mercredi's recent demand concerning the distinct society and native people? How do you see it?

Senator David: Honourable senators, look, I will tell you quite frankly that the native problem is so complex that I first wanted to find out what "distinct society" has meant throughout history to be sure that it was not interpreted differently today than it was 100, 150, 200 or 300 years ago.

I admit that I am not learned enough in history to answer your question correctly. It is clear in my mind that native people as a whole constitute a distinct society. That is common sense, I think. In my research, I wanted to determine as precisely as possible the historical facts before and after the Conquest that were recognized even by France, from which we

are descended. The French recognized that about a hundred years later, we were already different from them, all the more so the English-speaking population of Canada. I would like to be able to answer your question, but to do that, I would like to have the time to do some really serious research.

Senator Molgat: Honourable senators, you say that both before and since the Conquest, French Canadians were always recognized as a distinct society. The native people are then even more distinct, since they were here before the whites and existed as peoples. Do they not have just as much right to call themselves a distinct society using exactly the same criteria that you have stated?

Senator David: Honourable senators, we are playing with words to a certain extent. I used the word "distinct" because it was used in the Meech Lake Accord. I am willing to have a deal with the aboriginal peoples. There will be a different word that will represent any philosophy you want. That analysis was made within the accord which, unfortunately, failed. Quebec wanted to be recognized as a distinct society. That demand goes back 350 years, whereas Ovide Mercredi's demand was made a few days ago.

Senator Molgat: Mr. Mercredi will tell us that his demand goes back 10,000 years since they were already here. I have another question which concerns my own group. For us, francophones who live outside Quebec, like Senator Simard, Senator Corbin, Senator Thériault who is not here at the moment, French is our first language and English our second language. Do we not belong to a distinct society?

Senator David: I think you belong to the same society as our ancestors. When I said there were six millions francophones, I was talking about the millions in Quebec and probably the million or so francophones who live outside Quebec. We cannot isolate each group and say there is a distinct society in Quebec, another one in Vancouver, another one in Moncton, another one here and another one there. I see the whole province as a distinct society. I think Quebec must be very thoughtful, very understanding, very warm and very generous towards all francophone populations outside its jurisdiction.

Hon. Eymard G. Corbin: Honourable senators, I would have a lot to say about what Senator David just said. I will reflect on that and will talk about it at a later date. Therefore, I move the adjournment of the debate.

On motion of Senator Corbin, debate adjourned.

BANKING, TRADE AND COMMERCE

COMMITTEE AUTHORIZED TO ENGAGE SERVICES

Hon. Jean-Maurice Poitras, for Senator Kirby, pursuant to notice of Friday, February 28, 1992, moved:

> That the Standing Senate Committee on Banking, Trade and Commerce have power to engage the services of such counsel and technical, clerical and other personnel as may be necessary for the purpose of its examination and consideration of such bills, subject-matter of bills and estimates as are referred to it.

Honourable senators, Senator Kirby has asked me to speak on his behalf. I want to say that the report which has been submitted dealt particularly with research on all sections of the bills concerning the financial institutions, and I move that the report be adopted.

The Hon. the Speaker: It is moved by the Honourable Senator Poitras, seconded by the Honourable Senator Lewis, that the Standing Senate Committee on Banking, Trade and Commerce have power to engage the services of such counsel and technical, clerical and other personnel as may be necessary for the purpose of its examination and consideration of such bills, subject-matter of bills and estimates as are referred to it. Is it your pleasure to adopt the motion?

Hon. Royce Frith (Leader of the Opposition): Honourable senators, does that mean that it deals with the pre-studies?

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

Some Hon. Senators: Agreed.

Motion agreed to.

• (1710)

[*English*]

AIRPORT TRANSFER (MISCELLANEOUS MATTERS) BILL

THIRD READING—MOTION IN AMENDMENT NEGATIVED ON DIVISION

On the Order:

> Resuming the debate on the motion of the Honourable Senator Grimard, seconded by the Honourable Senator Lavoie-Roux, for the third reading of Bill C-15, An Act to provide for certain matters respecting official languages, employees' pensions and labour relations in connection with the transfer of certain airports,
>
> And on the motion in amendment of the Honourable Senator Frith, seconded by the Honourable Fairbairn, that clause 4 of the Bill be deleted and replaced by the following:
>
> 4. Where the Minister has sold, leased or otherwise transferred an airport to a designated airport authority, on and after the transfer date the Official Languages Act applies to the airport authority, with such modifications as the circumstances require, to the authority in relation to the airport as if
>
> (a) the authority were a federal institution; and
>
> (b) the airport were an office or facility of that institution, other than its head or central office.—(*Division deferred pursuant to Rule 68 (3)*).

The Hon. the Speaker: Honourable senators, pursuant to rule 7(2) the sitting is suspended until 5:15 p.m. The bells will ring for 15 minutes and the vote will take place at 5:30 p.m.

The Senate adjourned to the call of the bell.

The sitting of the Senate was resumed.

The Hon. the Speaker: Let the doors to the chamber be locked.

Motion in amendment negatived on the following division:

YEAS

THE HONOURABLE SENATORS

Bélisle
Bonnell
Bosa
Corbin
Fairbairn
Frith
Gigantès
Grafstein
Graham
Haidasz
Hastings
Hays
Hébert
Kirby
Leblanc (*Saurel*)
LeBlanc (*Beauséjour*)
Lefebvre
Lewis
MacEachen
Marchand
Marsden
Molgat
Olson
Petten
Riel
Simard
Sparrow
Stewart
Thériault—29

NAYS

THE HONOURABLE SENATORS

Atkins
Barootes
Beaudoin
Berntson
Bolduc
Buchanan
Castonguay
Cochrane
Cogger
David
DeWare
Di Nino
Doody
Doyle
Eyton
Grimard
Kelleher
Kelly
Keon
Kinsella
Lavoie-Roux
Lynch-Staunton
MacDonald (*Halifax*)
Macquarrie
Meighen
Murray
Nurgitz
Oliver
Ottenheimer
Poitras
Robertson
Roblin
Ross
Rossiter
Spivak
Sylvain
Teed
Tremblay—38

ABSTENTIONS

THE HONOURABLE SENATORS

Nil

The Hon. the Speaker: Let the doors be opened.

[*Translation*]

THIRD READING—MOTION IN AMENDMENT—DEBATE ADJOURNED

Hon. Eymard Corbin: Honourable senators, I rise on the third reading of this bill. I spoke on the motion in amendment put forth by Senator Frith, a motion which unfortunately has just been defeated due to the overwhelming majority of the government.

However, I would not want to pass up the opportunity of underlining the importance that amendment had for certain senators, on the government side, especially Senators Simard and Bélisle.

They are, like many of us on this side of the House, members of a linguistic community in Canada referred to, in a derogatory way, as the linguistic minority. However, both they and I consider ourselves to be good Canadians, good French-speaking Canadians.

I believe that neither they nor I are ready to say that the battle is over and the war is lost. Absolutely not! We will continue to stand in this House, to put forth well-founded arguments to show that our linguistic claims are not based on discretionary power wielded by the government, by a letter signed by some minister who could be gone tomorrow, and his decisions with him. This is no way, in a democratic parliamentary system like our own, to enact legislation and to confirm established rights, because if we let matters stand, French-speaking Canadians outside Quebec will see a gradual erosion of other rights, until they are nothing more than objects of speculation for future researchers.

I am not ready to witness the erosion of rights for which we have been fighting as long as Quebec has been fighting for recognition as a distinct society. Francophones living elsewhere in the country are every bit as entitled to their distinctiveness as are Quebecers.

The saddest part in all this is that Quebecers are our closest relatives. I recently heard a senator opposite state that there

are economic imperatives, that business is business, that transfer of these airports to private companies has been negotiated, that the contract is almost finalized, that the ink is dry on the documents, that we must sign, that this is a rush job.

I agree that the omelet, that it is time to move on to something else. But we ought not go from the frying pan to the fire. You'll get your omelet, but not at the expense of official language minorities elsewhere in Canada. That is what you are doing when you refuse reasonable and well-thought out amendments set forth by this side of the House. This is not party politics, honourable senators. We are not about to launch a filibuster in this regard. You have the majority, you can tighthen the noose anytime you want to do so. I challenge you not to do so. It is in this spirit that I am speaking today.

What I want you to understand is that if you pass up the opportunity provided by this bill, your officials will be tempted to do likewise with other bills. That would be regrettable. These days, we are so very aware of Quebec's self-centredness. I was blessed and pleased to grow up in a mixed society where my culture, my language and my faith were recognized and respected. I was not living in Quebec.

I was blessed and pleased to study in Quebec. I consider Quebecers to be my brothers and sisters, but I am not convinced that the Quebecer tilling his soil in Sainte-Anne de la Pocatière, working in the aluminium plants in Bécancourt, in the Lac-Saint-Jean area or elsewhere, or working for a logging company, is prepared to accept a certain mindset according to which business is business and minorities can be left to fend for themselves.

I was about to say that on February 27 last, a senator was urging us to pass the bill so that the contract could be signed. Everthing was ready for Dorval, for Mirabel, for Edmonton and for some other airport.

I agree, this makes good sense. But why crush a minority at the same time? Why say let's sign now and we'll see to your needs later? That was said in this House, and I am very sorry to have heard it.

Most Quebecers who have lived in a minority group have not lived with such group long enough to know the full meaning of being in a minority. You have to work twice as hard. Often, you have to pay more taxes and put up with insults, with having doors slammed in your face. This we have seen and this we have put up with; we are though, we can get through the situation.

Little by little, over the years, we convinced the federal government and the government of New Brunswick to recognize our rights. Many programs have been launched in other provinces also. Good will was shown to linguistic minorities in most Canadian provinces. And now the great federal manager says that we can give up acquired rights and linguistic advantages under certain conditions. We are ready to do so. If we are prepared to be high-handed with business, we are ready to make some concessions in linguistic matters. If these rights were maintained, these concessions would not be anymore costly for the companies which will grab the airports, rent them or manage them for sixty or ninety years. It will not cost them an arm and a leg, no, not at all.

Earlier today, I adjouned the debate on amotion of Senator David. I will come back to that subject now and then. For today, I will be content—how much time do I have left?

The Hon. the Speaker: Eight minutes, Senator Corbin.

Senator Corbin: At the Transport and Communications Committee, on November 21, 1991, Mr. Goldbloom, the Commissioner for Official Languages, responded to a specific question by Senator Molgat—this can be found on page 49, Issue 3, Proceedings. Senator Molgat asked, and I quote:

> **Senator Molgat:** Otherwise, this would in fact be a weakening of the Official Languages Act for these airport employees, woult it not?

An Mr. Goldbloom replied:

> Mr. Speaker, honorable senator, I would like to say something that concerns me greatly. Throughout history, there are great swings in trends. At times, the trend is towards nationalization, at others, towards privatization.
>
> I—

Mr. Goldbloom said:

> —have trouble imagining two Canada, a public Canada and a private Canada, which would be very different one from the other. I am of the opinion that if, at a given point in time, for reasons of economic order and efficiency, it is decided to privatize, and if this privatization alters the pattern of services to the public and working conditions, and if, a few years later, another government decides to nationalize and is obliged to recreate what had been dropped during the previous privatization, we would put ourselves in a situation where it could be difficult to maintain Canada's cohesion, as a country with two official languages, and that is why, like Mr. Fortier—

Mr. Goldbloom's predecessor

> —it would have been preferable to have the Official Languages Act apply fully.

And Senator Molgat added, for clarity:

> So the big question in examining clause 4—

Of Bill C-15

> —is as follows: we ought to put back into clause 4 as worded here Parts V, VI and VII.

Of the Official Languages Act. And Mr. Goldbloom said:

> That would be my recommendation.

So, honourable senators, it must be remembered that the Commissioner for Official Languages is a creature of both Houses of the Parliament of Canada, just as the Auditor General is a creature of the House of Commons.

It would seems to me that if we are serious about protecting the interests of linguistic minorities, we must carefully consider the recommendations of the Commissioner for Official Languages who, more than any of us, is aware of the conditions of minority linguistic groups in Canada. His files are extensive. He knows what is going on throughout the country.

Therefore, further to the Commissioner's recommendations and to respond to the expectations of linguistic minorities in the country, in Quebec, New Brunswick or elsewhere, I propose, seconded by Senator Molgat:

That clause 4 of Bill C-15 be deleted and replaced by the following:

4. Where the Minister has sold, leased or otherwise transferred an airport to a designated airport authority, on and after the transfer date Parts IV, V, VI, VII, VIII, IX and X of the *Official Languages Act* apply, with such modifications as the circumstances require, to the authority in relation to the airport as if

(a) the authority were a federal institution; and

(b) the airport were an office or facility of that institution, other than its head or central office.

For any honourable senators who might interested, I have French and English copies of this motion in amendment.

I thank you, honorable senators.

Hon. Philippe Deane Gigantès: Honorable senators, at the moment, we are fighting for the integrity of this country—

The Hon. the Speaker: Senator Gigantès, I am sorry to interrupt you, but I think I must first submit this motion in amendment to the Senate.

● (1730)

[*English*]

The Hon. the Speaker: It is moved by the Honourable Senator Corbin, seconded by the Honourable Senator Molgat:

That clause 4 of Bill C-15 be deleted and replaced by the following:

4. Where the Minister has sold, leased or otherwise transferred an airport to a designated airport authority, on and after the transfer date Parts IV, V, VI, VII, VIII, IX and X of the *Official Languages Act* apply, with such modifications as the circumstances require, to the authority in relation to the airport as if

(a) the authority at this were a federal institution; and

(b) the airport were an office or facility of that institution, other than its head or central office.

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

Some Hon. Senators: Yea.

Some Hon. Senators: Nay.

[*Translation*]

Hon. Lowell Murray (Leader of the Government in the Senate): Honourable senators, could I put a question to Senator Corbin?

Senator Corbin: Yes, Senator Murray.

Senator Murray: Senator Corbin, in what respect is your amendment different from the one we just voted on?

[Senator Molgat.]

Senator Corbin: Senator Murray, I would like to ask you to look at Senator Frith's amendment and compare it to mine. You will see that I am adding parts taken from the Official Languages Act. I think they are Parts V, VI and VII in that Act.

If I am not mistaken, the amendment of Senator Frith—he will correct me if I am wrong—was to provide for the general and total application of the Official Languages Act, was it not?

Senator Gigantès: Honourable senators, I would like to support what Senator Corbin is saying. We are fighting right now to keep the country together and we are fighting against those in Quebec who seek, out of honest conviction, to split it apart. One of their constant arguments is that federal bilingualism is just window dressing, that there is no such thing, that it is not taken seriously and that, on this side of the Ottawa River, we are always willing to do away with it.

So, I beseech you not to reject Senator Corbin's amendment, because you would be providing separatists with new ammunition. Whether they care or not for minorities—some do not—they will say: What did we tell you, bilingualism is window dressing, it is just smoke and mirrors.

I urge senators from Quebec on the other side to vote in favour of this amendment to help the country survive. It is a small price to pay, and you should be willing to pay it.

Thank you.

Hon. L. Norbert Thériault: Honourable senators, I do not know exactly where we are and whether the amendment of Senator Corbin is still before the Senate, but I would like to join with Senator Eymard Corbin and others in asking my colleagues in the Senate to think carefully about their decision, before rejecting the amendment of Senator Corbin.

As a francophone from outside Quebec—apparently we cannot say French-Canadians any more, because people in Quebec, and especially Quebec intelligentsia, do not like this expression which still rings true to me.

I am know talking solely to senators from Quebec, like my French-speaking colleagues and even English-speaking ones from New Brunswick. Some, here today, worked with Senator Simard and others, in a previous life, for the development of the French fact in New Brunswick.

Honourable senators, it seems to me that my colleagues in the Senate should realize that this is not a matter of confidence towards the government. All my life I hve been part of a caucus and I know that some times, for reasons of solidarity, one is almost compelled to support a bill that is to become government policy. As my colleague Senator Gigantès put it succinctly, this is an excellent illustration of a senator taking a non-partisan decision on an important matter.

As a francophone from New Brunswick, I anticipate with sorrow that day not too long from now, when my fellow citizens from New Brunswick who don't speak French will not feel at home at Montreal's airport. Indeed, because of Quebec's official unilingualism, chances are we won't hear much English in Montreal in a few years.

When this happens, do you think the anglophones from Halifax, Winnipeg, Ottawa or Moncton will let us be bilingual, will let us use the French language? And then my dear colleagues, for several years now especially since I have been in the Senate, during the long discussions on the Meech Lake Accord—and Senator David mentionned this afternoon—I heard it but I had work to do in my office . . .

The Hon. the Speaker: Honorable senators, pursuant to rule 13(1), as you all know, I must leave the chair at six p.m. If the senators wish to ignore the clock . . .

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honorable senators, we have no objection that Senator Thériault concludes his remarks even if it means that we should perhaps agree to adjourn until to-morrrow at two p.m. because otherwise in accordance with Standing Orders we would have us to come back at eight p.m. to-night to close the debate.

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

Some Hon. Senators: Agreed.

Senator Thériault: Thank you, honourable senators, I did not want to take too long, but I lost my train of thought. I will conclude by saying that I was at Meech Lake and reporting what senator David for whom I have so much respect said about the Accord and the position of certain Canadians during these talks. I would like to remind my friends on this side—and it might not be necessary—that I was one of the few Liberal senators to openly support the Meech Lake Accord. I did so because as a francophone I thought, and still do, that it was terribly important for Quebec to remain within Canada. But since Meech, when I hear and when I read what is written and said in Quebec by some . . . . . and I am still convinced that they do not represent the majority, it is increasingly difficult for me as a francophone outside Quebec to support Quebec's current position.

I wonder if, deep down, those who opposed the Meech Lake Accord were not right since we can now see that the same thing is happening again, namely that those who speak or pretend to speak for Quebec are rejecting the Francophones outside Quebec. As Senator David said, thanks for your sympathy, but we have had it with your sympathy. What we, Francophones outside Quebec, want are our rights. One would tend to believe that we would have the support of our fellow Quebeckers. But each time they have the opportunity to do so, we see the opposite. As Senator Gigantès said, if you really want this country to stay united, you can prove it to the Canadian people by supporting the motion or amendment introduced by my colleague, the Senator Corbin. Thank you for your time.

Senator Gildas L. Molgat (Deputy Leader of the Opposition): Honorable Senators, I move that the debate be adjourned.

On motion of Senator Molgat, debate is adjourned.

The Senate adjourned until Wednesday, March 18 1992, at 2 p.m.

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THE SENATE

Wednesday, March 18, 1992

The Senate met at 2 p.m, the Hon. the Speaker *pro tempore* in the Chair.

Prayers.

SENATORS' STATEMENTS

[*Translation*]

THE LATE ROGER LEMELIN

TRIBUTES

Hon. Arthur Tremblay: Honourable senators, everyone, his friends, his family, the people in the Saint-Sauveur district in the "Town Below" in Quebec City, we all knew that Roger was terminally ill, when two days ago he died of cancer, a matter of months after the brutal diagnosis he was given last summer. Still, we knew him as a stubborn fighter who would never give up, and we could not help hoping, despite medical evidence to the contrary, that the disease would go into remission, that it would stay that way for a long time, and that he would have time to write the book that was already complete in his head, as he said in that wonderful and moving interview with Réginald Martel which appeared in *La Presse* about two or three weeks ago. He wanted to write this book to do something for other cancer patients, to help them rise above their condition, which he shared and overcome that feeling of despondency and despair they had upon arriving at Hôtel-Dieu Hospital, a feeling he had been spared, as he said in his interview with Mr. Martel.

It was not to be.

Today, we mourn a great Quebecer and a great Canadian, whom Gaston Miron called one the founders of the modern Quebec novel, which he was and will remain in the history of our literature. Two names always come to mind: Roger Lemelin and Gabrielle Roy. *The Town Below*, Roger's first book, was published in 1944; the second, *The Plouffe Family*, appeared in 1948. In between, in 1945, *The Tin Flute* appeared, by Gabrielle Roy, a Franco-Manitoban. These three novels marked the beginning of the modern era described by Miron. The setting had shifted from the rural world of *Maria Chapdelaine*, by Louis Hémon, of *Thirty Acres* by Ringuet and *Menaud, maître draveur*, by Félix-Antoine Savard, to the urban environment, thus reflecting the migration from rural Quebec to the cities after the First World War.

Neither author focused on the well-to-do urban Quebecer. In the case of Lemelin, the setting was a working-class neighbourhood in Quebec City, while Gabrielle Roy chose Saint-Henri. All three novels have something else in common which is particularly revealing: the family is the focus of the story, and the role of the mother is significant, which reminds us of the lively description our former colleague, Senator Le Moyne, gave of the French Canadian mother in one of his essays published under the title *Convergence*.

The novels Roger Lemelin wrote in the 40s were best sellers and they reached a relatively broad readership. However, this was nothing compared to the audience *The Plouffe Family* would have on television, not only in Quebec but across Canada. As Odile Tremblay reported in yesterday's *Le Devoir:*

> The series, which was also broadcast on the English network, had a combined rating of an incredible 4.4. million viewers, a record at the time.

To quote Gaston Miron:

> With *The Plouffe Family*, Roger Lemelin for the first time gave Quebecers an image with which they could identify, an image they learned to love.

I think one could hardly improve on this metaphor for the significance of Lemelin's work and the man himself to the community that gave him his roots and whose deepest values he expressed so admirably.

Honourable senators, in the summer of 1988, in a situation similar to today's, I had to pay tribute to another very close friend, Jean Marchand, who also had just died. Jean and Roger became friends when we were in our early twenties. I was fortunate to share the same friendship with them both. Their friendship for me never failed, despite the difference in personalities. I believe that we all shared the same friendship for each other. You will therefore understand why I conclude in the same terms for Roger as I did for Jean. Everything that was said on the radio and on television and everything that has been written in the newspapers in the last two days shows, it seems to me, that Roger Lemelin made a mark on his time as very few other Quebecers and Canadians did. The tribute that we pay to his memory and that is paid to him from all quarters is one befitting a great man. He was indeed a great man.

May his soul rest in peace in the hope of the resurrection. To his wife Valéda, to his children and the other members of his family, on behalf of my wife Pauline and myself, I offer the most heartfelt and warmest condolences.

Hon. Maurice Riel: Honourable senators, I want to join Senator Tremblay in paying tribute to the memory of Roger Lemelin.

Roger Lemelin was typically Québécois, quite French and deeply Canadian. He was also a writer of quality, a smart businessman and a dynamic individual. He was unique. He was part of Quebec life for at least two generations.

The Plouffe Family, a television series based on one of his novels, was the most popular TV drama in Quebec 25 years ago. He is our only writer to capture the story of a poor working-class family in Quebec City's Lower Town in *Au pied de la Pente douce* and to achieve the same success in *La famille Plouffe*, about a poor working-class family in east-end Montreal.

In both cases, he realistically depicted the life of a class of Quebec society from which he had come. In both cases, he showed their joys and their sorrows.

It was quite a feat for a Quebec novelist to reproduce a slice of life of Quebec City and of Montreal in two different novels of the same period. This proves the extent of his talent and his keen sense of observation.

He told me one day that his model was the American writer Truman Capote. I think it was in his character to write photographic pictures of events in a clear, direct, precise, unornamented style.

● (1410)

He was a member of the Académie Goncourt, which is a rare honour for a non-Frenchman. He was very close to Hervé Bazin, who is the current president of the Académie, and the quality of their style shows their generation. He was also an intimate friend of Maurice Druon, secretary for life of the Académie Française. He sent me his last book, "Le Crime d'Ovide Plouffe", with a handwritten dedication in 1982. He said:

> To Maurice Riel, I hope that you will include this book in your collection of favourite novels. In friendship, Roger Lemelin.

I would not want to take too long today; there is so much to say. Roger Lemelin enjoyed life, he was a good salmon fisherman, a good chess player and a good traveller. He did everything with great energy and gusto.

He was also a great journalist. He was editor in chief of *La Presse*, Montreal's great French newspaper. He made fun of the provincial authorities who had required him to obtain, under Bill 101, a francization certificate for his company, *La Presse*, the French newspaper!

Roger Lemelin, a Quebecer through and through, was also a convinced federalist. His ideas on the subject are in a book called *Les Voies de l'Espérance* (the ways of hope) published in 1979; in it, he refers to Senator Tremblay. He sent me a personally dedicated copy in February 1980. I ask you all to read this book, because it is timely. I found this sentence on page 67, which he wrote in 1971 for a conference in Vancouver, twenty-one years ago:

> I say that our large ethnic group is a distinct nation within Canada, like it or not, even if you disagree.

His book is filled with comments that make sense, like

> The real power today is communication.

I urge you to read this book, which I think is quite up to date.

We would really need Roger Lemelin these days. We mourn the passing of a man of conviction, a great writer and a friend.

Hon. Jacques Hébert: Honourable senators, allow me to subscribe wholeheartedly to the tribute that was just paid by Senator Tremblay to his friend Roger Lemelin, as well as by Senator Maurice Riel.

I am certainly not able to speak so well of this great Canadian. In fact, my colleague, Senator Tremblay, has the advantage of having been Roger Lemelin's friend and neighbour for a long time. As for me, I would not even dare to claim that Roger Lemelin was my friend. However, there was between us what I would call a warm and friendly complicity that made delightful those few moments that we shared over the years.

We had a lot of common friends, but we also shared values, as well as ideas on journalism and publishing. We both firmly believed in Canada and in federalism. As everyone knows, Roger Lemelin played a major role during the referendum in 1980.

I had an indisputable admiration for Roger Lemelin which I tried to hide from him as best as I could. The man I admired was not primarily the writer, the delightful novelist whose fame spread across our borders a long time ago, nor the great master of journalism who gave a certain brilliance to the newspaper *La Presse* during the ten years, I believe, that he presided its destiny. The person that I admired was the real man: both fiery and shy, generous and naive, he was an impulsive person that always pursued his enthousiasm, his convictions and even his fits of rage to the limit. He was a sort of great knight, and I have not met three of those in my whole life.

Roger Lemelin received all kinds of honours. He succeeded in everything that he tackled, just like a rash teenager (novels, journalism, television, cinema and even the business world). He used to say of himself that he was "a lucky jack-of-all-trades that was abled to pursue several careers". He could have added Pablo Neruda's line: "I admit that I have lived." But this person, the oldest one in a poor family of ten children, who became millionaire, always kept his heart in the right place and remained a man of courage to the very end.

He was a passionate democrat, a liberal in every sense of the word, a tireless champion of Canadian federalism. While so many intellectuals from his generation, distinguished professors or small teachers, famous writers or simple penpushers, more less became separatists to be accepted if not loved by the young generation, Roger Lemelin never flinched. He remained himself: a man of freedom.

Whether they know it or not, whether they have read "Au pied de la Pente douce" or ignore the very existence of that novel, all Canadians are poorer today than they were two days ago for they have lost a free man.

At those bad times when intolerance is too common, when the poison of nationalism numbs the minds that were still valiant recently, when the foolishness of our elite is everywhere

in the media like in a conquered country, in those bad times, the death of a single free man is a national castatrophe!

[*English*]

GENERAL ELECTION

NUMBER OF DAYS LEFT IN CURRENT TERM

Hon. Royce Frith (Leader of the Opposition): Honourable senators, I know that you are anxious to know about the election clock. The government that respects democracy has 248 days left for the reckoning, and the cowardly government, the government that is contemptuous of democracy, has 634 days.

● (1420)

CBC

OMISSION OF NEW BRUNSWICK FROM NATIONAL PROGRAMMING

Hon. Eymard G. Corbin: Honourable senators, I have in my hands a *Toronto Star* article of March 17, 1992—

Senator Barootes: Burn it.

Senator Frith: I heard that the other night on television in a show about German Nazis.

Senator Corbin: This article, which was brought to my attention just now, is titled "New Brunswick snubbed again." The story is datelined Fredericton. It is a CP story. It says:

> New Brunswick must feel that it's the illegitimate child of Confederation.

I certainly object to that wording. The story continues:

> Although the province's fathers were part of this country's founding family, the CBC has a habit of overlooking this Maritime province in its national programming.

In fact, we do not have a CBC English network for both radio and TV in New Brunswick. We have radio, but we do not have television. The story goes on:

> New Brunswick has been snubbed again by being excluded from a 125th-anniversary program, scheduled to air across Canada on Thursday night.
>
> The Barbara Ann Quigley Ensemble of Moncton was told last week its performance of a French-English song has been cut from the 90-minute special, *The National Doubt*, because of time constraints.
>
> "I am really outraged by the decision," Quigley said in an interview yesterday.
>
> "When you're talking about a program on Canadian unity and a province is deliberately left out, especially New Brunswick—Canada's only officially bilingual province—you can't help but feel, well, picked on."
>
> The folk-jazz quartet was the only New Brunswick act in the show, a musical comedy that takes a satiric look at the plague of "national doubt" engulfing the land.

Honourable senators, I never thought that New Brunswick would be snubbed that way by the CBC, but in fact I am not surprised that we have been.

[*Translation*]

The CBC French network is no better than its English counterpart—

Hon. Norbert Thériault: It is even worse!

Senator Corbin: I agree with you, senator Thériault. We could put them both in the same category of the worst sinners. Every day, they talk on the news coming from Montreal about Quebec and English Canada whether the subject is, for instance, constitutional negotiations, constitutional studies or constitutional talks. This is what we get from those two great networks.

Canadians are fed up with those national networks which only discredit national realities every time they get the opportunity. Thank you, honourable senators.

[*English*]

TRANSPORT AND COMMUNICATIONS

SIXTH REPORT OF COMMITTEE PRESENTED

Hon. Finlay MacDonald, Chairman of the Standing Senate Committee on Transport and Communications, presented the following report:

Wednesday, March 18, 1992

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

SIXTH REPORT

Your Committee, to which was referred the Bill C-5, An act to amend the Aeronautics Act and to amend An Act to amend the Aeronautics Act, has in obedience to its Order of Reference of Wednesday, December 11, 1991, examined the said Bill and now reports the same without amendment.

Respectfully submitted,

Finlay MacDonald
Chairman

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

On motion of Senator MacDonald (*Halifax*), report placed on Orders of the Day for consideration at the next sitting of the Senate.

● (1430)

LEGAL AND CONSTITUTIONAL AFFAIRS

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

Hon. Nathan Nurgitz: Honourable senators, with leave of the Senate and notwithstanding ruling 59(1)(*a*), I move, seconded by the Honourable Senator Hastings:

That the Standing Senate Committee on Legal and Constitutional Affairs have the power to sit at four o'clock in the afternoon today, even though the Senate may then be sitting, and that rule 96(4) be suspended in relation thereto.

If given leave, and before the question is put, I will explain my motion.

Hon. Royce Frith (Leader of the Opposition): Explain why you want leave.

Hon. Efstathios Barootes: Explain to the teacher, will you please?

Senator Nurgitz: Briefly, the purpose behind all of this is that meetings were set for that committee this week dealing with the *Young Offenders Act*, and witnesses were called to appear, but owing to the late sitting of the Senate the committee was delayed. As a member of the committee, Senator Hastings chastised me last evening because we had witnesses waiting from three o'clock on but we did not start until after six.

Senator Hastings could perhaps speak for himself, but it is fair to say that he wanted to adjourn the meeting. The committee took the position that it would be an added affront or an added insult to them, so that we did continue and sat until eight. With legislation before a committee, with witnesses called, and in that particular situation with a witness from Edmonton, Alberta, whom we were hoping to send home on a flight at seven o'clock last night—but for whom the Senate of Canada will pay for another night's stay in a hotel—we did stay and hear the witness.

The purpose of my asking for leave and, as a result, asking for the adoption of this motion is recurrence of this very matter. We have two witnesses today, and it turns out to be somewhat unsatisfactory just to have the meeting when the Senate rises. That is just not stable enough.

Therefore, this is a request. We are asking witnesses to attend, but we do not treat them very well by having them sit around from three o'clock until the evening.

I agreed with the criticism that I received yesterday and I undertook to present this motion today. I ask for leave and ask for the adoption of the motion so that we can, in a more orderly and business-like fashion, get on with that legislation. Thank you, honourable senators.

Senator Frith: Honourable senators, I hope that when the committee reviewing our rules undertakes that review it will try again to come to grips with this question of meetings of committees while the Senate is sitting, because I sympathize with Senator Nurgitz. I doubt that there are any senators here who, as members of a committee, have not found themselves in the kind of position Senator Nurgitz and his committee found themselves in last evening.

We do have this problem that these requests are recurring almost every week. Every committee needs this sort of permission. This is stretching it considerably, but one almost thinks that it might be more orderly for us to have a committee of committee chairmen to which the Senate could apply for leave to sit, notwithstanding that the committees were sitting.

Hon. Earl A. Hastings: Honourable senators, in seconding the motion of the Honourable Senator Nurgitz, I would point out that on this occasion, and on this occasion only, I will second the motion in order to facilitate the work of this committee.

We are faced with this damnable expression, "when the Senate rises". To set the time of a meeting for when the Senate is sitting is just not compatible with an orderly or business-like manner of conducting either Senate business or the business of a committee. It happens that there are Tuesday nights, Wednesday nights and Thursday nights, and, indeed, all day Monday and all day Friday—

Some Hon. Senators: Hear hear!

Senator Hastings: —at which times could be set and committees could meet. This procedure of having committees meet when the Senate rises is just not acceptable.

Senator Frith: At least some of the witnesses must work more than three days a week.

Senator Hastings: I certainly support the chairman of the committee on this occasion only. From now on committee meetings can be set at times when witnesses and members can be there.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, before the question is put, in view of the fact that earlier in this session I was the one who rose on every occasion when leave was asked for this purpose, and pointed out on each occasion the problems that I thought it presented for the Senate, I want to repeat what I have said previously. This is in accord with what my colleagues have said.

This practice presents a very serious problem for the Senate. We have to deal with the matter. It is up to our friends on the government side to settle this.

As far as I am concerned, I do not think we can function with committees persistently coming to the Senate and asking for leave to meet while the Senate is sitting. The Senate sittings must have priority. If that means that committees must meet on Mondays and Fridays, then committees must meet on Mondays and Fridays. We must persist and continue with the work of the Senate. It is regrettable late in the day, when there can be important matters discussed here, that we find a large number of senators away in committees and not here to participate in the debates of the Senate. After all, our sessions are not that long. There is no reason why, when we are sitting, senators should not be here in the chamber, participating and listening to what is being said.

[*Translation*]

Hon. Normand Grimard: Honourable senators, I would like to follow-up on Senator Frith and Senator Molgat's comments. As you know, a meeting of our Committee on Privileges, Standing Rules and Orders is set for March 26, 1992. You have no doubt been notified. God forbid that you get the idea that all initiatives have to come from this side. Senator Frith

raised a point when he said: "Should something not be done to address the problem stated most clearly by Senator MacDonald? When indeed can committees meet? Can they keep meeting while the Senate is sitting? I have a suggestion for you, Senator Frith and Senator Molgat. We are meeting on March 26. You could submit some concrete proposals for us to consider, the same way we intend to submit to your committee amendments to certain rules of the Senate. I think that, for the sake of good understanding between the two sides of this House, it would be useful that you too make suggestions.

I would go as far as to say that the Chairman of our Committee, Senator Robertson, intends to send for your consideration written proposals as soon as we come up with something concrete. That is what I suggest you do. It is high time we have more co-operation in this House regarding our rules. I would not want you to think it is entirely up to us to make suggestions all the time. If you have good, concrete, clever ideas for us to consider, submit them, the same way we intend to submit ours to you.

Hon. Eymard Corbin: As you did last June. Well done!

Motion agreed to.

SOCIAL AFFAIRS, SCIENCE AND TECHNOLOGY

CANADIAN CITIZENSHIP STUDY—NOTICE OF MOTION TO PERMIT ELECTIONS MEDIA COVERAGE

Hon. Paul David: Honourable senators, I give notice that tomorrow, Thursday, March 19, 1992, I will move that the Standing Senate Committee on Social Affairs, Science and Technology be empowered to authorize the coverage of its public proceedings on Canadian citizenship by photographers and electronic news media, without disrupting the proceedings too much.

● (1440)

[*English*]

TIBET

ANNIVERSARY OF NATIONAL UPRISING—NOTICE OF INQUIRY

Hon. Consiglio Di Nino: Honourable senators, I give notice that on Tuesday next, March 24, 1992, I will call the attention of the Senate to the 33rd anniversary of the Tibetan national uprising.

[*Translation*]

GOODS AND SERVICES TAX

PRESENTATION OF PETITIONS

Hon. Jacques Hébert: By popular demand, honourable senators, I have the honour, again, to present petitions signed by 610 citizens of Alberta who oppose the goods and services tax.

These petitions come mainly from Peace River, Grande Prairie, St. Isidore, Grimshaw, Valleyview, Lethbridge, Spruce Grove and Stoney Plain.

[Senator Grimard.]

I have even more petitions signed by 3,200 citizens of Ontario who oppose the goods and services tax. These petitions come mainly from Windsor, Essex and Tecumseh.

This makes a total of some 3,800 signatures. If I were on the other side of this House, I would frankly be embarrassed to see that 3,800 Canadian citizens signed this petition. They wrote their name and address to tell the government that they reject a tax which we have all had to endure for more than a year.

Frankly, I would be embarrassed if I were in Senator Simard's place. His outbursts are meant to hide his embarrassment!

QUESTION PERIOD

[*English*]

GENERAL AGREEMENT ON TARIFFS AND TRADE

ARTICLE XI—CLARIFICATION OF CANADA'S POSITION—MEETINGS OF HEADS OF STATE—EXCLUSION OF CANADA

Hon. H. A. Olson: Honourable senators, I should like to ask the Leader of the Government a question or two respecting what has happened recently at the GATT. I am aware that Canada presented a paper on its position in response to requests made by various countries respecting some suggestions made by Mr. Dunkel. I wonder if the leader could advise the house as to what Canada's position was, and is, respecting Article XI.

The second part of my question has to do with meetings that will take place starting tomorrow, I believe, between Helmut Kohl of Germany and the President of the United States. These meetings will be such that Canada and many other nations will not be at the table. They are apparently intending to make some decisions to deal with the impasse respecting the negotiations that are going on in Geneva at the moment. I am wondering what Canada's position is with regard to the concept of a couple of other countries taking on the task of negotiating matters that are so vital to Canada.

Hon. Lowell Murray (Leader of the Government): Honourable senators, to take the latter part of Senator Olson's question first, there is nothing new, and surely nothing scandalous insofar as the honourable senator is concerned, in the leaders of two countries such as the United States and Germany having a bilateral meeting, which is what is happening between Chancellor Kohl and President Bush in Washington. I may say, however, with regard to Canada's position, and especially with regard to agricultural matters, that Prime Minister Mulroney, in very recent days, has been in touch with both the Chancellor and the President. Both of these leaders are well aquainted, well informed and up to date on our position.

Regarding the first part of the question raised by Senator Olson, it is true that on March 4 we tabled our draft initial offers on agriculture to the multilateral trade negotiations.

These dealt with market access, internal support and export competition in the context of a balanced multilateral trade agreement. We did not offer any tariff equivalents for supply management of products because—and this is the answer to the honourable senators question—our position continues to be that we wish to see these products governed by import quotas under a clarified and strengthened GATT Article XI.

● (1450)

Senator Olson: Honourable senators, I am not suggesting that there is anything scandalous about the heads of state of Germany and of the United States having a meeting. It is what they are having the meeting about that is important. I wish the honourable minister would not try to hedge on the question I asked. They have announced that they will be discussing the matters that have led to the impasse of the GATT negotiations that have been going on now for nearly five years. These are matters that are vitally important to Canada and to a number of other nations, and those nations concerned will not even be represented when these discussions are taking place and perhaps decisions are being made. Is that the way Canada is to be run?

Senator Murray: Again, honourable senators, I hope Chancellor Kohl and President Bush do discuss the impasse in the GATT negotiations, particularly with regard to agriculture, and I hope they make progress on that matter. It is no secret that there is a very sharp difference of opinion, especially on agriculture, as between the United States on the one hand and the European Economic Community on the other.

If those two leaders, President Bush of the United States and Chancellor Kohl of Germany—which is a major player in the EEC—can make some progress then the world, including Canada, will be the better for it because we have an enormous stake in trade liberalization and a successful Uruguay Round.

Senator Olson: That means that Canada's new position is that we will leave these vital negotiations to someone else to settle for us at a time when we will not even be at the table. If that is the policy of the government, which seems to be the implication that the minister is leaving with us, that is fine. I think the producers in Canada will be interested to know that that is so.

If that then is the case, can we also take it that, because of some of the opinions that have been expressed by these two leaders from time to time, or at least by the spokesmen in the negotiations for their two countries, that their wishes and views will take effect, or come to pass, namely, those relating to Article XI and the sacrifices that may have to be made in the adjustment for the sake of other trade factors. Will these items also be in the package?

Senator Murray: Honourable senators, we Canadians who engage in a great many bilateral discussions with our trade partners relating to the multilateral negotiations can hardly object or quibble if two other countries—any two other countries—choose to sit down and discuss these matters. Again, there is nothing unusual in the fact that the Chancellor of Germany and the President of the United States should meet, and certainly it should surprise no one that at or near the top of their agenda should be a discussion of the multilateral trade negotiations, the Uruguay Round, the successful outcome of which is of such great importance to us and to the world.

Senator Olson: Honourable senators, if I ever heard a cop out, this is it.

WESTERN SAHARA

IMPLEMENTATION OF PROPOSED PEACE PLAN—CANADIAN PARTICIPATION—REQUEST FOR UPDATE

Hon. Lorna Marsden: Honourable senators, perhaps I may bring the questions back to the Western Sahara. I asked a question on November 19 on the implementation of the proposed peace plan and Canadian participation. The response came on December 10 when the minister answered my questions about the presence of Canadian observers in MINURSO, which is the U.N. Mission for the Referendum in Western Sahara. I asked about the press and the conditions in the refugee camps and I warned the minister that I would continue to follow this question.

Again in early February I gave notice to the minister then asked a question about the peace plan in the Western Sahara, and the minister replied that we have 36 military personnel monitoring the ceasefire with the U.N. mission, including the military commander who is a Canadian. Honourable senators will find these responses on pages 742 and 901 of *Debates of the Senate*.

Honourable senators, those questions were asked in February. Through my own initiative I have now received a report from the Office of the Secretary-General MINURSO and, more particularly, a report from the United States Senate Committee on Foreign Relations dated January 1992, a staff report on the Western Sahara. I would like to bring to the attention of the Senate some of the findings of this U.S. Senate Committee. They have defined some difficulties, and I will give a couple of examples:

> The U.N. Mission for the Referendum in Western Sahara (MINURSO) peacekeeping force has been severely hampered by a lack of assistance and political support from the United Nations hierarchy in New York. The lack of assistance is demonstrated by the United Nations' repeated refusal to provide even limited logistical support to the U.N. Military Observers in the field. As a result, the Observers are forced to assume an overwhelming load of logistical and administrative duties, which prevents them from carrying out their peacekeeping duties.
>
> The United Nations' refusal to respond politically to MINURSO's reports of ceasefire violations in the Western Sahara has undermined MINURSO's credibility with both parties.

I am abbreviating this. However, here is a more crucial one that the minister may be interested in:

> MINURSO's military observers (including 29 officers of the U.S. armed forces) . . .

But including even more Canadians.

> . . . have been forced to live in unnecessarily harsh—and sometimes life-threatening—conditions. The soldiers in the field do not have sufficient food, fuel, shelter, or supplies to carry out their mission. The soldiers cite Moroccan intransigence and U.N. ambivalence as the source of their current difficulties.

It would seem to me, honourable senators, that there is not much point in asking the minister further questions in this vein, although I am sure he has done his best to get answers and I do not lay the blame at his feet. However, someone, I suggest, is not giving the minister accurate accounts of what is going on in the Western Sahara with respect to our peacekeeping forces, or indeed with the attempt to implement the U.S. peace plan or hold the referendum that has been promised for 16 years.

My question to the minister is: What does he intend to do to ensure that whoever supplies him with answers to these questions gives him better answers? We have already established that the Canadian Press have no intention of covering this story about that fact that we do not appear to get any information. Our military people must know about this situation, because they, after all, have a larger presence than the U.S. military, and yet last January, when the U.S. Senate Committee was getting this report, the minister was still giving responses to my questions that revealed none of these difficulties.

Hon. Lowell Murray (Leader of the Government): Honourable senators, I am not in a position to comment, certainly not off the cuff, on the report of the United States Senate Committee on that matter. It is, however, no secret that the process that we all hoped would lead to a referendum is—I will not say it is going nowhere fast, but it is not going anywhere in any great hurry.

I am aware that there were reports—denied by the United Nations—of irregularities in the civilian administration. One of the special representatives of the Secretary-General and the head of the mission resigned a couple of months ago and, according to the last report I had, the United Nations had appointed an interim head of the mission and was still searching for a permanent head.

I am told that, as recently as March 3, the Secretary-General had reported renewed efforts to resolve outstanding issues and had set a target date of June for doing so within the current peace plan.

I cannot go beyond that today. However, I will examine the honourable senator's question and I will ask my colleague, Mrs. McDougall to examine it as well to see whether a fuller report can be brought in here on that situation as soon as possible.

Senator Marsden: Honourable senators, I wonder if the Leader of the Government in the Senate could find out whether our 36 military personnel referred to in his answer to me of February 13 are indeed living under life-threatening conditions in the field. That would seem to me to be a highly significant piece of information that the Parliament of Canada ought to have.

[Senator Marsden.]

Senator Murray: Highly significant but, with respect, I suggest not completely surprising given what we know about the situation in that part of the world. I will look into the matter, however.

● (1500)

THE SENATE

DELAY IN PRODUCTION OF *DEBATES*

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, my question to the Leader of the Government is regarding the *Debates of the Senate*. We do not yet have the *Debates of the Senate* for yesterday, and I understand we will not have them until tomorrow. This is occurring time and time again.

Can we find out what the problem is and what we can do about it? In what way can the Senate take action to ensure that it does not happen on a too frequent basis?

Hon. Lowell Murray (Leader of the Government): Honourable senators, I could not agree more with the honourable senator that this is an extremely unsatisfactory state of affairs for everybody. I do not know what is at the source of the problem. It was raised some weeks ago, and the Speaker on behalf of the administration tabled a report. I would suggest that we ask the Internal Economy Committee, which meets tomorrow morning, to undertake to look into the matter with a view to taking our business elsewhere if we cannot get some satisfaction from what used to be called the Queen's Printer and is now called the Department of Supply and Services.

EXTERNAL AFFAIRS

THIRD LAW OF THE SEA CONFERENCE—FAILURE TO RATIFY TREATY—GOVERNMENT POSITION

Hon. Colin Kenny: Honourable senators, at a time when we are aspiring to be world leaders in environmental matters, I would like to draw your attention to a situation that is to a great extent frustrating these aspirations. I speak of the Third Law of the Sea Conference and the international treaty that was negotiated in 1982 for signature and ratification by nations around the world. Of the 119 countries, only 53 have ratified to date, and only 60 ratifications are required before this treaty comes into force.

Honourable senators, Canada has not ratified this law. This is puzzling, because up until 1982 we were at the forefront of the negotiations.

My question to the Leader of the Government is: When does he expect Canada to ratify this convention?

Hon. Lowell Murray (Leader of the Government): Honourable senators, I do not know the answer to that question. I

shall have to ask for a report from my colleague the Secretary of State for External Affairs.

Senator Kenny: If I may, honourable senators, I would ask the Leader of the Government at the same time to inquire why Canada has not yet ratified this convention.

Senator Murray: I shall do so.

CBC

OMMISION OF NEW BRUNSWICK FROM NATIONAL PROGRAMMING

Hon L. Norbert Thériault: Honourable senators, following the statement made earlier by my colleague Senator Corbin, when he quoted the article concerning the CBC, I would ask the Leader of the Government in the Senate if he would be kind enough to check with whoever is responsible for the celebrations. I know that government cannot, and will not, dictate to the CBC what it should do, but surely in a case like this enquiries should be made as to how and why New Brunswick was the only province left out of that proposed telecast.

Hon. Lowell Murray (Leader of the Government): Honourable senators, I saw the news report to which both Senator Corbin and Senator Thériault refer. let me say that I share their dismay at this turn of events. I will certainly ask my colleague Mr. Perrin Beatty, who reports to Parliament for the CBC, to ask that corporation for an explanation of this matter.

CANADIAN WHEAT BOARD

MARKETING OF GRAIN—GOVERNMENT POLICY

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, my question to the minister has to do with the policy of the government regarding the Canadian Wheat Board. As the minister will know, this has been a very important instrument in western Canada for the orderly marketing of grain, and has been, for the prairie farmers in general, their very definite choice as a marketing system. Yet we find that, bit by bit, there seems to be an erosion of the board and of its maintenance.

Recently, new measures were announced to provide for the private export to the U.S. of Canadian grain, whereas previously all exports were by the Canadian Wheat Board. Recently, as well, because of budget cuts, apparently inspections of grain leaving the country by truck are being reduced or eliminated. That means that from now on there will be no control on Canadian trucks carrying grain into the United States. There has been a suspicion on the part of many Westerners since the implementation of the free trade agreement that the policy of the government was indeed under American pressure to let the Wheat Board disappear bit by bit.

Could the minister tell us clearly what the position of the government is? Is it supporting the Wheat Board, or does it want it, indeed, to disappear?

Hon. Lowell Murray (Leader of the Government): Honourable senators, the latter part of the honourable senator's statement is one of these bogeys that arise from time to time in connection with criticism of the free trade agreement. As the Honourable Roy McLaren accurately predicted several years ago, the opposition would be blaming the Canada-U.S. Free Trade Agreement for every sparrow that falls from the air.

The position of the government with regard to the Canadian Wheat Board has not changed. We support the Canadian Wheat Board. As for the background to the private exports recently authorized, I will ask my colleague Mr. Mayer, the minister responsible, for a statement on that matter, and I will bring it in in due course.

NATIONAL FINANCE

INCREASE IN DEFICIT—GOVERNMENT POSITION

Hon. H.A. Olson: Honourable senators, I hold in my hand a press release from the Minister of Finance giving the figures for the first three quarters of this present fiscal year, indicating that at the end of December—that is, after three quarters—the actual deficit was $26.8 billion, or approximately $8 billion higher than the year before.

Does that mean that we are heading for a $40 billion deficit in total, when we get the fourth quarter, by following the pattern set for the first three quarters?

Hon. Lowell Murray (Leader of the Government): Not at all, honourable senators. My colleague the Minister of Finance forecast in his February budget that the deficit for fiscal 1991-92 would come in at $30.5 billion. We have no reason to change that forecast.

Senator Olson: Was the forecast such that there was going to be an $8 billion increase in this fiscal year over the last fiscal year, and, if so, is there going to be an improvement in the amount of $7 billion or $8 billion between January 1 and the end of March?

Senator Murray: Well, honourable senators, the numbers that count are the numbers for the full fiscal year, and the number at $30.5 billion for 1991-92 would certainly not represent an $8 billion increase over the figure for 1990-91.

CANADA POST

LITERACY OF PRIVATE ENTERPRISE MAIL CARRIERS

Hon. Philippe Deane Gigantès: Honourable senators, I wonder if the Leader of the Government would be kind enough to ask the minister responsible for the Post Office if he could kindly intervene so that in the postal district J9H 5E1 in Quebec, when the private enterprise carrier hired to deliver the mail wants a day off, he or she will not have himself or herself replaced by someone who cannot read. I have been getting mail addressed to Mr. Joe Clark's daughter, and similar things have been happening elsewhere. We send it on unopened, of course. It would be nice, though, if you did point out that it is necessary to be able to read to perform that job.

• (1510)

Hon. Lowell Murray (Leader of the Government): Honourable senators, I accept both the representations and the assurances of the honourable senator. I shall convey them both to Mr. Andre.

TRANSPORT

ARROW AIR CRASH IN GANDER, NEWFOUNDLAND—CRIMINAL INVESTIGATION COMMENCED BY U.S. FEDERAL AVIATION AUTHORITY—GOVERNMENT POSITION

Hon. P. Derek Lewis: Honourable senators, I have a question for the Leader of the Government in the Senate. It concerns the terrible air disaster that occurred a few years ago in Gander, Newfoundland, just before Christmas, known as the Arrow air crash.

It has come to my attention that the Federal Aviation Administration of the United States has started a criminal investigation into the worst disaster that ever occurred in Canada, a disaster which involved the deaths of 256 people. Up until now the Government of Canada has refused to re-open this case, even though Mr. Justice Willard Estey concluded in his report that the findings of the Canadian Aviation Safety Board were erroneous.

Is the government aware of the investigation that is now being carried out in the United States? Will the Government of Canada insist upon taking part in this investigation which would afford the people of Canada the opportunity of obtaining full particulars and any information from the American military and other authorities there? Is the government prepared to undertake such a task?

Hon. Lowell Murray (Leader of the Government): Honourable senators, I appreciate the question that the honourable senator has put concerning a tragedy and an investigation into a tragedy which was the source of considerable controversy for a long time, both here and in the United States. I shall have to ask my colleague, Mr. Corbeil, the Minister of Transport, to let me have his comments on the questions that the honourable senator has put.

JUSTICE

CANCELLATION OF COURT CHALLENGES PROGRAM—GOVERNMENT POLICY

Hon. Joyce Fairbairn: Honourable senators, I wish to ask a question of the Leader of the Government in the Senate that is based on a question asked yesterday by my colleague, the Leader of the Opposition, concerning the Court Challenges Program. He referred to a letter which had been written to the Minister of Justice, the Honourable Kim Campbell, by the former Supreme Court Justice Bertha Wilson. I wanted to refresh the memory of senators with what was in that letter. However, unfortunately, we do not have *Hansard*, as Senator Molgat pointed out.

I might just refer to comments that Bertha Wilson made in addition to the letter with reference to the cancellation in the last budget of the Court Challenges Program which, as all senators know, has been in place for some five years to enable the most vulnerable in our society to benefit from the Charter of Rights and Freedoms by having an opportunity to take their cases to court in order to protect them from arbitrary and unfair actions following through from government law.

On hearing of the cancellation of the Court Challenges Program Ms Wilson said:

> I'm stunned . . . As a Supreme Court judge, I saw what an invaluable contribution this program made. It was exciting; it made you think governments can't be all that bad. And then . . . bingo! This policy makes the people who can least afford it bear the brunt. There's no point in giving people rights if they don't have the wherewithal to go to court.

Has the Leader of the Government in the Senate had an opportunity to receive from the Minister of Justice her response to Bertha Wilson? I am sure she would have wished to respond quickly to that letter.

Hon. Lowell Murray (Leader of the Government): I am sure she will, honourable senators, but my colleague, Mrs. Campbell, is in Vancouver attending meetings at the present time, at least she was yesterday, and I have not had an opportunity to discuss the matter with her. As soon as I have such an opportunity, I will of course do so and obtain a copy of any reply that she sends to the former Justice Wilson.

Senator Fairbairn: Honourable senators, I have another question to ask of the government leader. Leaving aside the correspondence between the minister and the former Supreme Court Justice, will he use his authority within the federal cabinet to have the government take another look at this action that was taken by the Minister of Finance? This is a program which helps the vulnerable—aboriginal people, racial and ethnic minorities, disabled Canadians, as well as women, who, through the Women's Legal Education and Action Fund, have probably made more use of this program to protect their rights through the courts on gender issues than any other group.

Given that members from all parties in Parliament support this program most heavily, would the Leader of the Government in the Senate use his good offices within cabinet to have another look at reinstating this program?

Senator Murray: The honourable senator will understand when I tell her that I can only undertake to convey her representations to my colleague, the Minister of Justice, and to ask if that minister wishes to comment on them in any way.

Senator Fairbairn: Perhaps the Leader of the Government in the Senate could also convey these representations to his friend the Minister of Finance. At a time when we are apparently funding something called a Museum of Humour in Montreal, it seems a little incongruous, in terms of where our priorities are, that we should be cutting from federal expenditures the ability of minority groups, the disabled, women and other vulnerable Canadians to be able to defend themselves in the courts against violations of their rights under the Charter of Rights and Freedoms.

THE ECONOMY

FIRST MINISTERS MEETING—ATTENDANCE OF PRIME MINISTER

Hon. Royce Frith (Leader of the Opposition): Honourable senators, I have a question for the Leader of the Government in the Senate. There is a report from Canadian Press that Prime Minister Mulroney has told the premiers he does not have time for anything more than a one-day meeting on the economy this month—not two days as expected—and they better have their homework done.

In a recent letter to B.C. Premier Mike Harcourt, acting as provincial coordinator, apparently the Prime Minister flatly rejected preliminary plans drafted by provincial and federal officials for a two-day meeting in Ontario. Instead, Mr. Mulroney said he wants a one-day session on March 25 because—and I emphasize this—of the busy schedule of meetings on constitutional reform.

Can the people of Canada infer from this that the Prime Minister and his government place a higher priority on solving the constitutional problems of Canada than on Canada's serious economic problems?

The Hon. the Speaker: Honourable senators, before the Leader of the Government answers the question, I must advise you that the 30 minutes allotted for Question Period have now expired.

Hon. Lowell Murray (Leader of the Government): I am sure the Leader of the Opposition would agree, honourable senators, that the two issues—the unity of the country and economic prosperity—areintimately related.

● (1520)

DELAYED ANSWERS TO ORAL QUESTIONS

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, I have a response to the question raised on February 27, 1992 by the Honourable Senator Stewart regarding the Harris Report on northern cod stocks.

FISHERIES AND OCEANS

DECLINE OF NORTHERN COD STOCKS—REQUEST FOR GOVERNMENT REPORT

(*Response to question raised by Hon. John B. Stewart on February 27, 1992*)

The Department of Fisheries and Oceans has sought to integrate information from inshore fishermen into the process of stock assessment. Back in 1987, the Task Group of the Newfoundland Inshore Fishery was commissioned by the Honourable Tom Siddon to provide an independent analysis of the factors which had influenced the decline in inshore catches.

The Task Group, which included independent scientific experts from Europe, U.S.A. and Canada, concluded that, while there had been a decline in inshore catches, the total biomass of the northern cod stock had been increasing. The Task Group attributed the decline of inshore catches to a combination of factors. These factors were: 1) changes in fish availability resulting from predator-prey and/or environmental conditions; 2) differential mortalities imposed on offshore stocks migrating to inshore fishing grounds; 3) overall decline in inshore fishing effort and/or redeployment of fishing effort to other target species, and; 4) potential overfishing of inshore stock components by inshore fishermen in southern areas. The first three points thus confirmed the findings of the Canadian Atlantic Fisheries Scientific Advisory Committee (CAFSAC) but the Task Group also noted that there was a reasonable possibility that declines in inshore catches in some inshore areas had been due to heavy fishing on groups of cod that live most, or all of the time in inshore waters. The Task Group also indicated that the analytical techniques employed by the Canadian scientists were standard contemporary methods for stock assessment.

This is where we were at the end of 1987. In fact, as the inshore catches exceeded 100,000t in 1988 (from a level of 72,000t in 1986), these findings provided the most likely explanation of the declines in inshore catches in the mid-eighties.

In January 1989, CAFSAC reviewed the most recent information on the northern cod stock and concluded that the stock was far less abundant than they had estimated in preceding years. The assessment also implied that the stock would remain stable, i.e., no growth, no decline, with a TAC of 235,000t. These reductions in productivity were related to the poor production of fish in 1983 and 1984 and to a reduction in the growth of cod throughout the eighties. The news of lower than expected productivity for this important stock was responded to immediately by the Minister of Fisheries and Oceans who announced, on February 12, 1989, an independent panel to review the scientific advice on northern cod. The Panel was chaired by Dr. Leslie Harris, President and Vice Chancellor of Memorial University of Newfoundland. The Panel included two eminent fisheries biologists, namely Dr. Lee Alverson, who chaired the Task Group on Northern Cod Inshore Fisheries in 1987 and Dr. John Pope of the Lowestoft Laboratory of the United Kingdom. The Panel concluded that the most recent CAFSAC advice was "in the right domain".

There is a tendency to forget that the marine environment is not static, but changes over time. In that respect, the marine environment is no different from that of the land where droughts, floods, or other environmentally-induced disasters are known to occur. Droughts and floods are difficult to refute as the cause of hardship because they themselves, as well as their impacts, are so visible to us. Changes and disasters in the marine environment are more difficult to demonstrate as they are only detected through their impact on fisheries, which can themselves be affected by other factors (e.g., overfishing). This leads

us to 1991, when it seems that unusual environmental changes occurred. In fact, the lack of capelin and the decline in the availability of cod in 1991 coincide with the occurrence of unusual environmental conditions off Labrador and Newfoundland. For both capelin and cod, the catch levels cannot by themselves explain the sudden changes in abundance and distribution. In sum, both cod and capelin are part of an ecosystem that seems to have changed in 1991 as a result of large scale changes in environmental conditions. As well, it seems clear that the growth of seal herds in recent years has placed considerable additional pressure on capelin stocks, and possibly through them, or directly, on cod.

ANSWERS TO ORDER PAPER QUESTIONS TABLED

NATIONAL ORGANIZATIONS—HEADS AND TERMS OF SERVICE

Hon. John Lynch-Staunton (Deputy Leader of the Government) tabled the answer to Question No. 52 on the Order Paper— by Senator Marshall.

VETERANS AFFAIRS—CANADIAN ATTENDANCE AT AND CONTRIBUTION TO PÉRONNE MUSEUM AND RESEARCH CENTRE

Hon. John Lynch-Staunton (Deputy Leader of the Government) tabled the answer to Question No. 58 on the Order Paper— by Senator Marshall.

DISTINGUISHED VISITOR IN GALLERY

The Hon. the Speaker: Honourable senators, I would like to draw your attention to the presence in the gallery of His Excellency Dr. Heinz Fisher, Speaker of the Nationalrat of the Republic of Austria.

Hon. Senators: Hear, hear!

[*Translation*]

AIRPORT TRANSFER (MISCELLANEOUS MATTERS) BILL

THIRD READING—MOTION IN AMENDMENT NEGATIVED—DEBATE RESUMED

On the Order:

Resuming the debate on the motion of the Honourable Senator Grimard, seconded by the Honourable Senator Lavoie-Roux, for the third reading of Bill C-15, An Act to provide for certain matters respecting official languages, employees' pensions and labour relations in connection with the transfer of certain airports.

And on the motion in amendment of the Honourable Senator Corbin, seconded by the Honourable Molgat, that clause 4 of the Bill be deleted and replaced by the following:

4. Where the Minister has sold, leased or otherwise transferred an airport to a designated airport authority, on and after the transfer date Parts IV, V, VI, VII, VIII, IX and X of the *Official Languages Act* apply, with such modifications as the circumstances require, to the authority in relation to the airport as if

(a) the authority were a federal institution; and

(b) the airport were an office or facility of that institution, other than its head or central office.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, I would like to thank Senator Corbin who presented this amendment yesterday and explained why we are convinced that this amendment should meet with the unanimous approval of this Chamber, if we support the principle of the *Official Languages Act*. I also wish to thank Senator Thériault who spoke subsequently.

I think we should realize what this is all about. This is not a partisan matter. It is about the *Official Languages Act*. The issue is not being raised by us but by the Commissioner of Official Languages—in fact, by both.

To refresh your memory, perhaps I may recall that on June 17, Senator Frith read here in this Chamber a letter he received from the Commissioner of Official Languages at the time, Mr. D'Iberville Fortier, a letter that was dated June 14, 1991. Since Senator Frith read the letter, I am not going to read it again, but I simply want to mention Mr. Fortier's conclusion. The following appeared in the English version of the *Debates of the Senate* of June 17, at page 222.

[*English*]

In conclusion, you may recall that the Act to privatize Air Canada maintains towards this enterprise all of the obligations under the *Official Languages Act*. I therefore strongly recommend that you intervene in the debate so that Section 4 of Bill C-15 be amended to ensure that all of the provisions of the *Official Languages Act* continue to apply to the designated airport authorities. Any weakening of the current policy would seem to me to constitute an unacceptable and unjustified step backward.

[*Translation*]

It could not be clearer. The Commissioner of Official Languages, who has a mandate from both Houses of Parliament to ensure that the Official Languages Act is recognized and implemented, said categorically that if we pass the bill as it is now without amendment, we would be going against this Act.

What has happened since then? We have a new Commissioner of Official Languages. He was asked the question when he appeared before the Committee on Transport and Communications on November 21, 1991, as my colleague, Senator Corbin, read yesterday. I repeat, I asked the question myself. Here is the question:

When we look at clause IV and the following clause, we should put 5, 6 and 7 back in clause 4 as proposed here.

And Mr. Goldbloom replied:

That would be my recommendation.

Honourable senators, we must look at this issue in a non-partisan way. Speaking of Senate reform— I started a debate

on that matter a while ago. One thing that I would want for a new Senate is that we look at issues in a non-partisan way. We are not here as Liberals or Conservatives but as representatives of the Canadian people to ensure the legality of what the House of Commons does, to represent the regions, minorities and Canadians in a non-partisan way. I think that is what the Senate should do.

I understand you perfectly well. I know that under the present constraints, things do not work that way, unfortunately, but that is the direction in which the Senate should move if we are to perform our duty to Canadians properly.

Let us return to the Official Languages Act. You will recall that the first law was adopted in 1969, I think. In 1985-86, with a new government in place, the law had been on the books for several years and the various commissioners had recommended changes. The government said that it wanted to make some changes. This is what the government said in its Speech from the Throne on October 1, 1986. The speech was read right in this Chamber, as you know. Her Excellency the Governor General said:

[*English*]

> Official bilingualism is an indispensable feature of our national character. Seventeen years after its enactment, Canada's Official Languages Act now needs to be revised. Appropriate legislation will be introduced in this session to ensure as well that this Act conforms with the Canadian Charter of Rights.

[*Translation*]

The question was important enough for the government to refer to it in the Speech from the Throne. What happened afterwards? On february 8, 1988, in the House of Commons, the Hon. Ray Hnatyshyn, now His Excellency the Governor General, presented a new Bill C-72, and here is what he said:

[*English*]

> I am pleased to rise today to begin the second reading debate on Bill C-72, an Act respecting the status and use of the official languages of Canada. This bill marks an important milestone in the development of our country.

[*Translation*]

The then Minister, now our Governor General, was thus emphasizing anew the importance of this legislation.

What was the reaction? Some objections were made by members of the House of Commons. I want to quote from a few articles published at that time in the newspapers. Here is for example what the *Toronto Star* said about that legislation.

[*English*]

> It ensures that both English and French speaking Canadians can work in their own language in all federal institutions in Ottawa and Hull as well as in specified bilingual regions of the country.

[*Translation*]

What a surprise, this article is entitled: "No Retreat on Bilingualism". The government was committed.

Here is another article from the *Globe and Mail*, dated of May, 25, and I quote:

[*English*

> Bilingualism bill critics retreat. On June 25, 1987, three cabinet ministers, with a big show, introduced the bill, making it appear as though Canada would be turned upside down by it.

• (1530)

> It was not so much what was in the legislation, as what Tory ministers said it would do, that created the controversy.
>
> Then Treasury Board president Robert de Cotret talked all about the Government jobs that would become bilingual, saying: "The senior management will also have to be able to function in both languages. Data programs will have to be available in both languages."

Let me continue with another article, "Ottawa rejects call to back down on language bill":

> The federal government will not back down on tough language legislation to promote bilingualism, Justice Minister Ray Hnatyshyn says.
>
> "The basic principles of this bill remain sacrosanct"... "The commitment of the government remains clear."

[*Translation*]

It is true that some of them had objections.

[*English*]

> But some Tory critics of bilingualism warned that the language battle is far from over and vowed they will fight for further amendments to change the controversial legislation.
>
> "The battle ain't over until the fat lady sings,"

[*Translation*]

But the government remained firm. Here is another quotation:

[*English*]

> "PM fires rebel on languages as bill passed".

[*Translation*]

Therefore, honourable senators, it was a very important bill both for the government and for the country. The government could be very proud of that bill.

Congratulations also came from elsewhere. The then Commissioner of Official Languages, Mr. d'Iberville Fortier said:

[*English*]

"Fortier's praise may be calm before language storm". The article reads:

> The new *Official Languages Act* makes Canada "a model for other countries," says D'Iberville Fortier, Commissioner of Official Languages.
>
> The act "is a splendid tool not only for language reform but for building a stronger Canadian identity while fully respecting Canada's diversity," Fortier says.

[*Translation*]

Here is another document from the Library of Parliament entitled "Official Bilingual Act". It was prepared in 1988 by someone who was certainly not partisan, being an employee of the Library of Parliament. Here is what it says, in reference to the preamble:

[*English*]

> The very presence of a preamble, rare in public law, is evidence of the importance accorded to the Act by the legislator . . .
>
> The preamble specifically mentions sections 16 to 20 of the Charter, language of work, equitable participation and the commitment on the part of the federal government to advancing bilingualism, official language minority communities and cooperation with provincial governments.

[*Translation*]

That is what the government itself was saying, what is was suggesting and what the Commissionner of official languages was supporting. We now have before us a bill the Commissionner of official languages said flatly and unequivocally:

> This bill is contrary to the Official Languages Act.

Let me ask you this, honourable senators, regardless of your background. (Here is what your government said a little while ago. Yes, I do congratule them on that.) Is it not time to act, to set aside partisanhip and to act on a matter of principle?

The matter is especially important, I would say, for us francophones outside Quebec. For us, the Official Languages Act is of paramount importance. The problems we have stressed and will continue to stress, if need be, must be understood. Bilingualism is not popular with everyone in this country, as you know. Senator Simard spoke most eloquently on this issue, and I know how much effort was put into the last election in his province by the CORE group. They came in second, not the Conservatives, the CORE people. And what is their main goal? To abolish bilingualism.

People must understand our difficult situation. They must understand how much we, francophones outside Quebec, had to fight to keep our language. I can tell you that I have been a provincial member for many years back home. Senator Roblin was the leader of the government at the time. Each year, my colleagues from the Liberal Party would table before the House a bill to allow us to have French as our language of instruction. And each year, Senator Roblin and his party turned down this simple request to add the word "French" in our school law. We were denied that. It is only years later, not when my children started school but when they were in the sixth grade, that the law was finally changed and we were allowed to teach in French in my province. People must be made aware of these problems across the country. That is why the Official Languages Act is essential for us. I am telling all of you, honourable senators, and particularly my French-speaking colleagues who spoke on the distinct society concept yesterday, think about just how important this act for us.

[Senator Molgat.]

Senator Lavoie-Roux, senator Bolduc, and I will not mention senator Grimard, who is the sponsor of this bill. I am asking you, honourable senators, to understand the problems that we have. The Official Languages Act is essential if we want to maintain bilingualism in this country, if we wlant to maintain both languages. If you believe in that, if you believe that speaking two languages is an important asset, if you believe in the Official Languages Act, I am asking you to put aside all partisanship and to support senator Corbin's amendment.

Hon. Jean-Maurice Simard: Honourable senators, without repeating everything other senators and myself have said during several sessions on this bill, before Christmas as well as last fall, and even last week, I would like nevertheless to appeal to my colleagues from both sides to support this motion.

I can tell you I would not moved such a motion. I thought I had launched a debate, with the help of a few colleagues, on how to improve the way in which the right of francophone employees to speak their language at work will be treated by the future regional organizations which will administer these airports. I would not have done it not because I am one of those who give up easily, especially when such a linguistic question affects my fellow citizens of New Brunswick and the linguistic minority of Canada. I said to myself, if to this date no one has been able to convince my colleagues, anglophone as well as francophone, but especially my francophone colleagues from Quebec, perhaps I can suggest another amendment which, after the authorities refusal to enforce the Official Languages Act, would at least result in maintaining the application of the Official Languages Act in New Brunswick, the only officially bilingual province in the country.

At one point, I had to admit that support was not there. Perhaps I failed to convince my colleagues.

As the motion in amendment of Senator Corbin has the same intent as the amendment I supported yesterday, and as it is before the Senate, I will support it. I do hope that other senators from this side will do the same.

First, it was said and confirmed that between 70 and 75 per cent of Canadians approved of the Official Languages Act and its application in federally regulated areas or in parapublic institutions, such as airports. Privatization should not so easily excuse us from not applying this principle.

Second, I remind my hon. colleagues about all the arguments we heard these past few months against our insisting on the protection garanteed by the Official Languages Act. We were told about competitiveness, about cost saving for these regional authorities.

Honourable senators, I remind you that, even if we still have not gotten that legal protection, it is offered somewhat differently, through the leases. I take the word of two ministers and the word of my leader of the Government in the Senate, who say it will be done. So, cost saving no longer matters.

Cost saving is no longer an issue. If another minister or another government fulfills the present government and the present ministers' commitment, and maintains the same provi-

sions in the future which require local authorities to comply with their employees' right to work in their language . . .

● (1540)

So, it is no longer a question of economy. Therefore, it seems to me that the only issue left is that of sending this bill back to the House of Commons. There are no other issues left!

If the Senate is to operate according to the Constitution, asking that Bill C-15 be sent back to the House of Commons is not a sin or an unusual mesure. Of course, some think that in the constitutional context this could lead to a more or less stormy debate.

Is it not a small price to pay in order to preserve, in our legal texts, including the *Official Languages Act*, this right that is being taken away from us today in the name of privatization?

I believe that the consequences of the precedent being set are unpredictable and could be very serious. Senator Molgat just talked about an eventual reform of the Senate. All kinds of combinations and permutations are possible. Among others, the Beaudoin-Dobbis report talks about a reformed Senate. It is recommended that, in the case of bills or pieces of legislation that include linguistic considerations, a second majority will be required.

Honourable senators, it is wise to include such a measure in a constitutional amendment; this means that there could be times when minority rights might be affected in a negative way.

I would like to establish link between the motion on double majority and this debate. I want to warn those who might delude themselves regarding this famous concept of a double majority.

Dear collegues, if, during this debate I cannot convince my Francophones colleagues in the Senate to support us in protecting the rights of our minority in New Brunswick, because this bill goes against higher and more important interests, or against a provincial act in Quebec (because this is indeed argument that I heard from some parliamentary collegues) can I really put my trust in a constitutional amendment in a reformed Senate that would provide the protection promised from the double majority rule? I doubt it.

I support the motion to amend and I hope to be able to rely on the Francophone majority from Quebec in the Senate! Honourable senators, I ask you to ponder my request.

Honourable senators, I do not want to repeat myself but I think that we are making a serious mistake with bill C-15. This is an unacceptable precedent. The government and my collegues in the Senate should support the amendment before us, even if it bothers the government and forces the House of Commons to resume some debates. The price to pay is really not high given the possible consequences of bill C-15.

Honourable senators, I will therefore support the amendment of Senator Corbin. I hope that some of my colleagues will do the same. I will not introduce any other motion for amendment. I have already informed my caucus of that because I have always believed that Acadians do not need two slaps per day or per week. One is more than enough! Acadians were disappointed with the outcome of the vote yesterday, and they will be disappointed again today if Senator Corbin's motion is rejected.

I wish each of us would give this some thought. Substantial improvements have been made to the scope of Bill C-15, in view of the fact we have been given ministerial assurances that with regard to the leases the problem regarding the employee's working language could be minimized. But, as we know, six months or six years down the road, any new government or minister could easily cancel these guarantees with the stroke of a pen.

In closing, I want to add—and I am only reiterating what I told you two or three weeks ago—that I do not trust at all some of the people, whom I know well, people from Moncton . . . It may not be for tomorrow, but they did inform the government that they would be ready to look after the running of the airport in Moncton, or in Dieppe rather. It is actually located in Dieppe, which is a truly French town. Moncton being what it is, I can see from here the "knights" from the Board of Trade, the Rotary Club and others taking away the vested rights of the workers to work in French.

The Moncton area, it is no secret, as Senator Thériault, knows, is no stronghold of the Acadian pride and of the will to fight for the Acadians, even if a few people do. Those who will be in charge of the airport are not the fiercest advocates of the cause or the rights of the Acadians or of those of Anglophones for that matter when they are in the minority.

So, I shall support this motion in amendment put forward by Senator Corbin. Personnally I don't think that the Senate has to reach a decision on this bill today. I hope that other honourable senators will want to think about it for another day, so why not postone the vote until tomorrow? Or even until next week? We are told to rush, because they have been getting ready to be privatized for five years in British Columbia and in Montreal. So what! What difference is one or two weeks going to make if this means giving us the time to think things over in order to send back to the House of Commons. A bill which would include Senator Corbin's amendment?

Thank you, honourable senators.

● (1550)

[*English*]

Hon. Royce Frith (Leader of the Opposition): Honourable senators, I want to add a word on this amendment. I hope that you will forgive me for referring to some events of some 30 years ago when I was a member of the Laurendeau-Dunton Commission. I am bound to say that at that time, 30 years ago, I could not have believed that institutional bilingualism, which we eventually recommended, would have advanced as far as it has. It was legislation that was introduced by a Liberal government and as Senator Molgat has pointed out, has been stoutly defended by the ensuing Conservative government.

It is as a former commissioner and someone who has been involved for some time in this field but not someone who can

give any lessons to Senator Simard, or Senator Murray or Senator Beaudoin or Senator Bolduc, or any senators here that have been involved in the trenches, that I speak to you today. Senator Simard has spent most of his political life—at least a good part of it —fighting these battles, much more than I have. So I do not come here to preach but simply to give a perspective and to explain not to Senator Simard, or Senator Thériault or Senator Molgat or Senator Gigantès, or any of the others of a like mind, why we are making a bit of a fuss about this and why we have an opportunity to do something non-partisan here for the benefit of our country.

I want to speak to those of you who wonder why we are making such a fuss about this when you, I am sure, are tempted—in fact perhaps convinced—to accept the undertakings of the minister, because I accept them too. I am not suggesting that they are not reliable. However, there is a principle that is involved. Thirty years have gone by building what now is represented by the *Official Languages Act*. What is happening here is a small chisel mark on what has been built—nothing that will bring the whole thing down, nothing that will make the operation of this act impossible, but a mark neevertheless. Those wondering why we are making a fuss about it say, "But we got the undertakings of the minister and we all accept them. No one here quarrels with them or says that they are not reliable."

We are told by others that the law will operate and that the airports will operate because this is but a small part of this important bill. Why are we picking this one little part of this bill to make such a fuss about? For those of you who so wonder, and who are inclined not to make a fuss about it, it is simply for the reasons underlined by Senator Simard and by Senator Molgat and others. We now have, as we know, two official language commissioners saying that it is an important development because it could be the beginning of a new regime that states that the *Official Languages Act* gradually will not apply to situations and not apply to certain statutes because other administrative arrangements are put in place. That is all we are saying. Do not do it that way. It is not a matter of a large right and a large wrong. It is a matter of the principle of the beginning of another way of establishing the official languages regime, which is not as reliable or as solid as the *Official Languages Act*.

That is why Senator Corbin's amendment is better than my amendment was because all it does is say, "Let us have these provisions, the applicable provisions of the *Official Languages Act*, apply". It is a positive amendment; mine tended to be a negative one by removing something. All that is being asked, and all that I have asked members on my side and members on your side to support, is simply to say, "No, we do not want a new regime that substitutes administrative measures for the *Official Languages Act*. We want to send that message—all of us—back to the House of Commons. This is the Senate speaking to the House of Commons, not the Conservatives or the Liberals, saying to the House of Commons, "No, we think this act should stay and should apply and not have a part of it supplanted by administrative measures."

[Senator Frith.]

I am sure, honourable senators, that if we do send it back to the House of Commons they will accept such an amendment because they will be aware that all of us are prepared to support the rest of the act.

[*Translation*]

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, before we make a decision, I think it is essential that I correct some facts and that I remind you of some others that were omitted in today's discussion.

There was talk about Messieurs D'Iberville Fortier and Goldbloom's concern relating to the lack of some provisions in this bill. Nobody mentioned, for instance, that Mr. Rainboth, the Deputy Commissioner of Official Languages, after being informed of Minister Corbeil's letter, responded as follows, and I quote from the *Debates of the Senate* of February 27th last:

● (1600)

[*English*]

> As Dr. Goldbloom indicated to you in your recent meeting, he is currently in favour of the application of Parts V and VI of the *Official Languages Act* to local airport authority leases in prescribed regions.

I think that is a sentiment shared by all of us.

> It would have been preferable for such a provision to be included in the legislation to provide a continuing guarantee, but I am confident that in the absence of such a provision Dr. Goldbloom would support an alternative measure such as that which you are proposing to introduce.

It was signed by Peter L. Rainboth who is Deputy Commissioner of Official Languages.

Senator Frith: It was not Dr. Goldbloom who said that.

Senator Lynch-Staunton: We can assume that Mr. Rainboth spoke in the name of his superior, and since then we have no reason to believe that Dr. Goldbloom is not in agreement with those sentiments. Otherwise I am sure we would have heard from him.

[*Translation*]

Honourable senators, I must remind the Senate that amendments similar to the one we debated yesterday and the one before us today were put to the House of Commons, both in committee and in the House, and they were refused. If you want to know why, you must consult the record! However, we must not forget the fact that—

06● RO[

Senator Frith: Let it be on their heads, then.

Senator Lynch-Staunton: That is not the point. Let them take their responsibilities. If this law goes back to the House of Commons amended as suggested, we have every reason to feel that it may not be introduced in the house, or even get on the order paper.

Senator Olson: Why?

Senator Lynch-Staunton: Because they have already refused. It is an assumption and a suggestion which I ask you to reflect on. You may not agree with it but it is a strong possibility.

Senator Frith has also said that he is in agreement. He does not doubt the minister's intentions in carrying out the commitment in his letter. I assume that all of us feel the same way. There are now four agreements ready to be signed: one in Dorval-Mirabel, one in Edmonton, one in Vancouver and one in Calgary. Only one of them will be touched by this letter and its commitment, ironically enough affecting the other official language to the one which preoccupies our colleagues from New Brunswick.

At present there is no airport in New Brunswick that I am aware of that is even close to becoming subject to an agreement with the federal government similar to the agreements that are ready to be signed. There have been indications of intentions, but I think we are months, if not years, away from a final decision.

Senator Corbin: This is a general law.

Senator Lynch-Staunton: That is correct. I would like to suggest that the intentions of this house and the sentiments which are shared on both sides can be brought to the attention of the government, and we can express the hope that when the *Official Languages Act* is looked at again, an appropriate amendment can be introduced.

Meanwhile, I fear—and although this has been said before, I have to repeat it again—that to send the bill back with an amendment will mean a delay in its passage and return to us for an indefinite period. It will mean the end of negotiations and the impossibility of implementing four agreements. I would think, with the commitments given by the minister in his letter and the support given them by the Deputy Commissioner of Official Languages on behalf of the Commissioner, that this would be enough for us to refuse this amendment.

Senator Gigantès: Would Senator Lynch-Staunton answer a question?

Senator Barootes: No.

Senator Lynch-Staunton: I will listen to it.

Hon. Philippe D. Gigantès: Is he your master's voice? Were you implying that only the Francophone minority in Moncton is important? There are Francophone minorities and Anglophone minorities that are involved in the other airports you have mentioned. That is why we are thinking of something general. You were saying that Senator Simard and Senator Corbin, who are from New Brunswick, worry about New Brunswick. Properly so; you are quite right. Then there are Francophones in Alberta. They, too, deserve protection.

Senator Simard: There are Anglophones in Montreal.

Senator Gigantès: There are Anglophones in Montreal. And you said that you trust the minister. Amen. Accidents happen. After the next election neither you nor us may be in power. We might get Mr. Manning, and then we would have to fight in the trenches, and it would be harder to change a law than to change a contract. That is what we are talking about.

What you are saying is that the protection of the minorities of Canada, the protection that they have been promised, matters less than a commercial contract. This is the position you are taking.

Senator Lynch-Staunton: Honourable senators, I do not think that is a fair interpretation. We are talking about the application of both languages in certain sectors, based on the requirements of the Official Languages Act itself, in certain designated areas of Canada which exclude Vancouver, Calgary and Edmonton. I am not saying that because we are fixing on Montreal and New Brunswick we are ignoring minorities elsewhere. What you must remember is that the *Official Languages Act* does not apply to all of Canada equally.

Hon. Eymard Corbin: I have a question for the honourable senator if he would be so good as to reply. The Deputy Leader of the Government stated that there would be tremendous difficulties in the other place if the bill were to be returned with an amendment. Could he be more specific and tells us who it is who would object to such a reasonable amendment? Is it the NDP, the Bloc Québécois, the Liberal party, the independents? Where is the problem and what is it?

Senator Lynch-Staunton: I can only repeat, honourable senators, that the House has already turned down an amendment similar to this one, and we can only assume that it will maintain that position.

Senator Corbin: If I may, in the form of a comment, put another question. My experience in Parliament is that there have been situations in the past that were reversed. In our Canadian parliamentary tradition there have been situations such as the one you are alluding to if today we were to accept the amendment and return it to the House. Off the top of my head, I cannot give the specifics but, having served in the House of Commons for 16 years and having occupied the Chair in the other place for some time, I remember, in a vague way but nevertheless it is there — and I certainly stand to be corrected and humbled if I am wrong — instances where exactly the opposite of what you are fearing has, in fact, happened.

If we were to go back into parliamentary history, we would find a number of other instances. The appeal today is to reasonableness and nothing else. You have heard everyone who spoke. In terms of the business part of this bill, we are in favour of it. I certainly think it is a grand experiment. In terms of acquired rights I believe we are doing a disservice to Canada by supporting a bill which will withdraw rights that already exist. If there is reason for the existence of a Senate, it is for reasons such as this.

[*Translation*]

Hon. L. Norbert Thériault: Honourable senators, could the Deputy Leader of the Government in the Senate answer a question? If I misunderstood, I am sorry. Did he say that if we accept the amendment proposed by Senator Corbin, the House may perhaps reject it totally. Did I understand correctly?

I have a second question. If I remember correctly, sometime before the end of the year, the first time I looked at this bill on the Committee on Transport and Communications of which I was not a member, we were told that it was vital that this bill be passed without delay because major contracts, to be signed in Montreal and elsewhere, depended on it. That was three or four months ago.

Is the situation still the same?

It is not the first time that governments are faced with proposals from private companies eager for contracts and are told: This has to be passed yesterday. Very often the bill relevant is passed a year later and it works just as well. How do you explain that? Did I misunderstand you? I thought I heard you say that the House of commons would refuse the amendment?

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, I said that during debate on this bill in the House of Commons, an amendment similar to the one we are discussing today was refused. The fact that the government is offering a letter to which is appended a letter from the Commissioner of Official Languages rather than taking the risk of having the bill returned to the House to have an amendment passed, should indicate that a similar refused would be likely.

● (1610)

[*English*]

Senator Frith: So they would never change their minds because of what the Senate said?

[*Translation*]

Senator Lynch-Staunton: Honourable senators, in regards to the agreements ready to be signed, there is some kind of urgency because each day, each week, each month that goes by is costing these authorities money since they have only expenses and no income.

We did not blithely delay tabling of this Bill. Since December we have been working with the departments and the government to prepare a document which would appease all the worries and the concerns we all share and most of all our francophone colleagues from outside Quebec. The best we could do, and we think it is excellent, is obtain a guarantee from the minister that similar clauses would be added to the agreements in all cases where official languages legislation now applies. We have a letter from Dr. Goldbloom's assistant where he says he also would have preferred an amendment although, he says, this is better than nothing, it is acceptable. This is where we stand.

Senator Thériault: Honourable senators, could Senator Lynch-Staunton admit that this gives us the opportunity to show that the Senate is a House of Parliament equal to the other House as is stated in the Constitution? There is no partisanship involved here. For once, could the government not accept the fact that Tories, Liberals, independents, anglophones, francophones and ethnic minorities have agreed to ask the House of Commons to review its decision?

[Senator Th]

Do you not think this could be an important historical moment in what might be the last years of a dying Senate?

Senator Lynch-Staunton: Honourable senators, the intent of the Senate has already been brought to the attention of the government; government is already aware of the wish of many senators.

Senator Thériault: I am talking about the Senate, not about senators.

Senator Lynch-Staunton: Well the House of Commons was made aware of the general feeling of this House on that issue. The answer was what we have here. I cannot say more.

Hon. Normand Grimard: Honourable senators, I would like to come back to what the Deputy Leader of the Government said earlier. One major principle has been mentioned over and over again. I hope you have not forgotten about it. The government does not want to force a private company to respect the working language dispositions, because, as you know . . .

Senator Thériault: The truth is coming out!

Hon. Philippe Deane Gigantès: I love this senator!

Senator Grimard: Are you finished? I will tell you something. If you look at the speech I made on second reading of this bill, I said and I will repeat it today, there is nothing wrong with that. The government does not want to ask a private company to which it is transferring rights to respect parts V, VI and VII which are, and I hope you made the distinction . . .

Senator Thériault: That is exactly why we made it.

Senator Grimard: That only applies to the working language, not the service language. As far as the service language is concerned, those rights are enshrined in Bill C-15. That is quite clear. There is no need to address the issue, since the service language is protected, and all the appropriate dispositions of the Official Languages Act apply in full. That is one thing. But we are also talking about the working language here.

There is a distinction to be made about the working language when the government decides to sell or lease to private companies. To ask companies to abide by part VII and to promote both French and English . . .

Senator Molgat: Is there something wrong with that?

Senator Grimard: Let me finish first, and if you have questions, I will answer them. We can force the federal government to take measures to promote both French and English, but it is not as easy to ask a private firm which is definitely trying to compete, because, as I explained when I gave the government's point of view during the debate on second reading, everyone is competing these days. Montreal has to compete with Boston, with New York.

But one thing is for sure, and I hope it is clear in your mind, the public will be adequately served, as required by the Official Languages Act. The problem, and I am not ashamed to say it again, stems from the policy the government has

followed. The government does not want to impose on a private company the obligation to abide by other parts of the Act, as you would like to do.

[*English*]

Senator Frith: That is what the whole act is about. If you are doing business with the federal government, you have to. That turns the clock back 20 years.

[*Translation*]

Senator Gigantès: Honourable senators, would you take a two-part question? If what you say is right, why would the minister promise to specify compliance in the contract rather than through the act? Secondly, do you think that a francophone worker in some private company administered by anglophones would like to be told "speak white"?

Senator Grimard: I think that the minister took a step forward when, following the suggestions that were made to him, not only by the other side of the House but by us, he committed himself in a letter that the contracts would specify compliance with the language of work provisions, of the Official Languages Act. I think that is a step forward.

We must still face reality. When the Montreal Airport Commissioner appeared before us, he specifically told us that he could live with the act as written. There was no problem in Montreal. I echo the words of our Deputy Leader of the Government, who told us earlier that, in fact, we wage a battle. I have a lot of respect for New Brunwickers. I understand their problem. We wage a remote control battle, because we are currently solving the problem of Montreal, Vancouver, Calgary and Edmonton.

When we talk about Moncton, there are absolutely no discussions going. It is only a wish, an intention. I suggest, and I say frankly, that essentially (I know you did not like it, but I will repeat it) the government does not want to require a private company to comply with the language of work provisions of the Official Languages Act.

I have given examples. Let's take Air Canada for instance. Everything has been laid down. The working language has been laid down. The service language has been laid down, and it is fine, since Air Canada is a unit all across Canada. It is only one unit, whereas airports are different entities.

In every other privatization done by contract or in legislation, it has never been a requirement to enforce the working language provisions. Why do it today?

Hon. Norbert L. Thériault: May I ask a very simple question to Senator Grimard? Would you take the same attitude if the government had decided to privatize Canada Post?

Senator Grimard: Honourable senators, this is a very interesting question you are asking. I consider Canada Post and Air Canada as identical. I think they should be treated the same way. Honestly, again, Canada Post is a national entity while airports are local entities. As far as I am concerned, Air Canada and Canada Post are on the same level.

If it was privatized, Senator Thériault, I believe then the government would have to apply the same principles as in the case of Air Canada, that is to enforce fully the *Official Languages Act*.

Senator Corbin: Senator Grimard, I have listened closely to your argument since the beginning of that debate in the Senate but I have failed completely to understand your logic as regards the distinction between "national unity" on the one hand and "local industry" on the other.

It turns out that in the field of . . . .

The Hon. the Speaker: Are you asking a question, Senator Corbin?

Senator Corbin: Yes, Mr. Speaker.

The Hon. the Speaker: So be it. Otherwise, your rising to speak would have the effect of closing the debate.

Senator Corbin: I have the right to close the debate?

The Hon. the Speaker: Pursuant to our Rules, you will automatically close the debate if you take the floor.

Senator Corbin: I was only rising to ask senator Grimard a question. You are telling me that, if no other senators wish to speak, I could close the debate with another intervention. Is that it?

Senator Grimard, managing airports at the local level is not like growing potatoes, where the farmer can decide on its own when the time has come for ploughing, seeding, watering, spraying, et cetera.

Airports in Vancouver, Montreal, Moncton, Saint-Léonard, in New Brunswick, are all part of a national network. Inside this network, areas of jurisdiction can be transferred. Under the present system, the control is in the hands of the federal government, so how can you say bilingualism is not a consideration? Are you telling me that if the airport in Edmonton, Moncton, or elsewhere is transferred, and if a French-speaking employee from Montreal is transferred to Edmonton or Moncton, he will have to use English as a working language, even if he used to speak French at his workplace in Montreal? That is what one could conclude from you reasoning.

Hon. John Lynch-Staunton (Deputy Leader of the Government): Senator, could you ask your question?

Senator Corbin: Senator Lynch-Staunton, I have asked my question. I am one of the most reasonable senators in this place. When I have something to say, I say it and then I sit down. I have never wasted the time of anyone here. Let me finish, so that senator Grimard can answer.

You seem to forget that the transportation network in Canada is like a seamless web and is controlled by one authority, the federal government.

The system of official languages will come unravelled if it is no longer under federal jurisdiction. It is as simple as that.

The minister's letter referred to here is a strictly arbitrary measure that is good only as long as the person who signed it remains in office. After he goes, the letter is worthless. If Mrs. Martin became Minister of Transport, do you think she would subscribe to Mr. Loiselle's commitments or to those contained

in that letter? She told us in committee that she wanted nothing to do with official languages.

Many questions have not been answered, Senator Grimard. We French-speakers who live in provinces other than Quebec are extremely concerned about what is happening.

I would ask you as a friend. We had words in the past, but it was not out of malice. As a friend, would you answer my concerns today?

Senator Grimard: Senator Corbin, as far as the minister, Mrs. Martin, is concerned, I was in the committee when she spoke. She did not say that she did not care a hoot about official languages. She said that it was not her problem at that point and that there were people in her department who could explain the situation.

I think that some people, not only in her department, were questioned by the committee, in particular Mr. Auger from Montreal. You were there, Senator Corbin. You know that Mr. Auger represented not only the Montreal airports and Mirabel but that he said he was the official spokesman for the other three airport authorities.

Mr. Auger told us that he was quite content to live with the bill. Where we disagree is when you do not seem to understand the difference between a national organization like Air Canada and a local entity like an airport authority.

When you deal with Air Canada, whether it be in Rouyn-Noranda, Moncton, Montreal, Vancouver or some other place, you deal with that ariline from beginning to end, but when you go to the airport in Moncton, Rouyn-Noranda or Montreal, for example, you deal with local authorities.

Air Canada is run the same way in Rouyn-Noranda, Moncton, and Montreal. But the airports I just mentioned are not run the same way and that is why I use the expression local entity. I may be wrong, but it seems to me that there is a great deal of difference between the enforcement of official languages at Air Canada and in dozens of airports run by different entities and local authorities throughout Canada. That is what I am trying to explain. I have nothing to add in answer to your question.

Senator Corbin: Honourable senators, since no other senator wishes to speak, I rise to close the debate.

● (1630)

[*English*]

Senator Frith: You do not close the debate on third reading.

Senator Corbin: I was informed that I could do that.

Some Hon. Senators: Question.

Senator Corbin: Can I or can I not speak on third reading? I heard Senator Frith say that I cannot.

Senator Frith: No, I said that you do not close the debate. No one closes the debate on third reading. You have spoken on third reading and moved the amendment. Therefore it is quite right that you cannot speak again.

Senator Corbin: Honourable senators, while the matter is being researched, I will close the debate on the amendment.

The Hon. the Speaker: Honourable senators, Rule 36 states:

> A senator who has moved the second reading of a bill—

That is not the case here.

> —or made a substantive motion or an inquiry shall have the right of final reply.

That is not the case here. Therefore, I will put the question.

It was moved by the Honourable Senator Grimard, seconded by the Honourable Senator Lavoie-Roux:

> That this Bill be read the third time.

[*Translation*]

The Hon. the Speaker: In amendment, it is moved by the honourable senator Corbin, seconded by the honourable senator Molgat:

> That the Bill be amended by striking out Clause IV and substituting the following therefor: Where the Minister has sold, leased or otherwise transferred an airport to a designated airport authority, on and after the transfer date Parts IV, V, VI, VIII, IX and X of the *Official Languages Act* apply, with such modifications as the circumstances require, to the authority in relation to the airport as if
>
> (*a*) the authority were a federal institution; and
>
> (*b*) the airport were an office or facility of that institution, other than its head or central office.

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

[*English*]

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 opposed to the motion please say "nay"?

Some Hon. Senators: Nay.

The Hon. the Speaker: In my opinion, the "nays" have it.

And two honourable senators having risen.

Senator Kelly: Honourable senators, I would ask for a 30-minute bell.

The Hon. the Speaker: Please call in the senators.

The Senate adjourned to the call of the bell.

The sitting of the Senate was resumed.

The Hon. the Speaker: Let the doors to the chamber be locked.

Motion in amendment by Senator Corbin negatived on the following division:

YEAS

THE HONOURABLE SENATORS

Bonnell	Leblanc (*Saurel*)
Bosa	Lefebvre
Corbin	Lewis
Davey	MacEachen
De Bané	Marchand
Fairbairn	Molgat
Frith	Neiman
Gigantès	Olson
Graham	Petten
Haidasz	Riel
Hastings	Rizzuto
Hays	Simard
Hébert	Stewart
Kenny	Thériault—29
LeBlanc (*Beauséjour*)	

NAYS

THE HONOURABLE SENATORS

Atkins	Lynch-Staunton
Barootes	MacDonald (*Halifax*)
Beaudoin	Macquarrie
Bolduc	Marshall
Cochrane	Meighen
Cogger	Murray
David	Nurgitz
DeWare	Oliver
Di Nino	Ottenheimer
Doody	Poitras
Doyle	Robertson
Eyton	Roblin
Grimard	Rossiter
Johnson	Spivak
Kelly	Sylvain
Keon	Teed
Kinsella	Tremblay—35
Lavoie-Roux	

ABSTENTIONS

THE HONOURABLE SENATORS

Bélisle—1

On motion of Senator Graham, debate adjourned.

TRANSPORT AND COMMUNICATIONS

MOTION TO AUTHORIZE COMMITTEE TO STUDY SUBJECT MATTER OF BILL C-62—DEBATE ADJOURNED

Hon. John Lynch-Staunton (Deputy Leader of the Government), pursuant to notice of Tuesday, March 17, 1992, moved:

> That the Standing Senate Committee on Transport and Communications be authorized to examine the subject-matter of Bill C-62, An Act respecting telecommunications, in advance of the said Bill coming before the Senate or any matter relating thereto.

He said: Honourable senators, the last time we discussed pre-study was when the four finance bills came before us last fall, and the actual discussion on pre-study was in October. I think that is recent enough that I do not have to raise again the arguments in favour of pre-study. The bill that we are talking about meets the requirements and conditions for pre-study. It is highly complex and legible. It is written in a language that sometimes is difficult to understand at first sight, and it covers a topic of extraordinary importance—telecommunications.

● (1650)

The background of the bill is that it follows a Supreme Court judgment in 1989 which clarified the question of jurisdiction over telecommunications. Following that, the cabinet requested that a new bill be drafted to implement the telecommunications policy. The bill contains policy objectives that aim essentially at increasing competitiveness of Canadian telecommunications. It applies to all telecommunications carriers under federal jurisdiction and establishes federal-provincial consultation mechanisms. It refers to the CRTC and its powers. It contains references to licensing conditions and intends to promote the Canadian ownership of telecommunications infrastructures. It responds to concerns over privacy—and these are just some of the highlights of the bill itself.

Honourable senators, we feel strongly that a pre-study at this time—it had just been given first reading by the House on February 27—would be of great value to the government.

Hon. Royce Frith (Leader of the Opposition): To the House and to the government; that is right.

Senator Lynch-Staunton: Yes, of which we are members.

Senator Frith: That is what the Senate is here for—namely, to be of help to the House of Commons and to the government!

Senator Lynch-Staunton: That is exactly it. The Senate is here to improve on legislation at the earliest stage possible, especially when there is legislation of a highly complex nature such as this bill.

Senator Frith: We understand what you think the role of the Senate is.

Senator Lynch-Staunton: As a matter of fact, I think I can convince my honourable friends opposite by stating that in 1981 a distinguished member of this house—Senator Frith—said that a bill, which had been read for the first time at the time, "will not, of course, be available for study by the

Banking Committee until it has received second reading." Senator Frith went on to say—and I know that he is one who is consistent in his feelings on principles—

Senator Frith: Don't count on that.

Senator Lynch-Staunton: —that, when dealing with complicated legislation, it is consistent with parliamentary tradition that the Senate committees give particularly careful consideration to such measures as to refer the subject matter to a committee in advance. I don't think I could find a finer reference.

Senator Frith: He was much less distinguished then than now.

Senator Lynch-Staunton: In brief, honourable senators—

Senator Frith: At least his judgment was impaired at the time.

I move the adjournment of the debate.

The Hon. the Speaker: It was moved by the Honourable Senator Lynch-Staunton, seconded by the Honourable Senator Roblin that the Standing Senate Committee on—

Senator Frith: No, I moved the adjournment of the debate.

The Hon. the Speaker: Do I not have to put the motion first?

Senator Frith: I hope you put the motion before you let Senator Lynch-Staunton go on and on the way he did. That was a bit unkind.

Senator Lynch-Staunton: I did not go on and on.

Senator Frith: I retract. He only went on; he did not go on and on.

The Hon. the Speaker: Honourable senators, I will put the motion first.

Senator Frith: You should have put it before he spoke.

The Hon. the Speaker: It is moved by the Honourable Senator Lynch-Staunton, seconded by the Honourable Senator Roblin:

> That the Standing Senate Committee on Transport and Communications be authorized to examine the subject-matter of Bill C-62, an Act respecting telecommunications, in advance of the said bill coming before the Senate or any matter relating thereto.

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

Senator Frith: Honourable senators, I move that Senator Lynch-Staunton's comments be taken as read after the motion was put and I then move the adjournment of the debate.

Senator Lynch-Staunton: Thank you.

On motion of Senator Frith, debate adjourned.

[Senator Lynch-Staunton.]

SOCIAL AFFAIRS, SCIENCE AND TECHNOLOGY

THIRD REPORT—RESPONSE TO RECOMMENDATIONS—POINT OF ORDER

Hon. Jack Marshall: Honourable senators, I have some difficulty with the results of the third report of the Standing Senate Committee on Social Affairs, Science and Technology, which I tabled on February 18 last. My report urged the government to table, without further delay, the response to the recommendations contained in the report, "Its Almost Too Late", and to announce its decision to implement forthwith at least the first three recommendations, which concern the plight of the merchant seamen.

I was given support for the report by Senator Molgat, Senator Roblin, Senator Kinsella and Senator David, although the thrust changed. There was a suggestion by Senator Molgat that I should probably include an invitation to the minister to appear before the Senate. Senator Roblin countered that he should appear before the Senate Sub-committee on Veterans Affairs. The end result was that we adopted the report unanimously. However, I still do not know where I stand with respect to who invites the Minister of Veterans Affairs. Do I do it on behalf of the sub-committee? Does Senator David do it as the chairman of the Social Affairs, Science and Technology committee, or does the Speaker do it on behalf of the Senate? If the intention is to invite the minister to appear before a Committee of the Whole, then I would like advice as to the position of the Senate. I am willing to write to the minister, but I would ask for some direction in the matter.

Hon. Paul David: It was my impression, Senator Marshall, that the recommendation was that the minister should be invited to the Sub-committee of Veterans Affairs, but I am told that the invitation should come from the chairman of the committee itself. Therefore, I will take this responsibility.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): As far as we are concerned we will be quite happy to have the minister appear before a Committee of the Whole. That would permit all senators to participate in questioning the minister and hearing what he has to say on this important subject. We would be quite happy if the invitation was to the Committee of the Whole. In fact, we would prefer that to having it in the committee itself.

Senator David: But the same result could be achieved in a committee. We know that such an invitation will go to the minister; he will come to the committee and then all senators can attend the committee. In that way there will be as many senators at the committee as there would be in the house, I think.

[*Translation*]

SPECIAL JOINT COMMITTEE ON A RENEWED CANADA

CONSIDERATION OF REPORT—DEBATE ADJOURNED

The Senate proceeded to the consideration of the Report of the Special Joint Committee on a Renewed Canada, dated 28th February, 1992 (Sessional Paper 343-416A).

Hon. Gérald-A. Beaudoin: Honorable senators, the Special Joint Committee of the Senate and the House of Commons on a Renewed Canada tabled its report on February 28, 1992. This all-party committee made up of 30 members began its work on September 25. It has received 3 000 brief and 2 000 letters, heard 700 witnesses and held 78 public hearings which lasted 227 hours.

The committee had the honour to meet provincial Premiers, Bob Rae, Joe Ghiz, Clyde Wells, Frank McKenna, Don Cameron, Roy Romanow, Gary Filmon and some hon. members, government members as well as the hon. André Ouellet from the steering committee, were able to have private discussions with Premier Robert Bourassa. Committee members heard the comments and conclusions of several provincial committees on the Constitution.

I congratulate every member of our parliamentary committee, made up of 17 Tories, 10 Liberals and 3 New-Democrats, for the enormous task they have accomplished. With your permission I should like to mention the work carried out by how Senators MacEachen, Barootes, Teed, Stollery, Oliver, Hays, Meighen, Beaulieu and De Bané. I also thank other senators who have come and help us from time to time. The working pace was extremely fast and hard to keep. A parliamentary committee never had to study in such depth and with so little time both the Canadian federal system and the parliamentary system of government.

The report of this parliamentary committee tabled on February 28, 1992 is 90 per cent unanimous. The three significant differences had to do with the Senate powers and two other main topic concerning the distribution of powers: culture and regional development; the other differences are rather minor.

Let us briefly analyse the ten major items of the report.

● (1700)

[*English*]

1: The Senate. A product of British parliamentary tradition, our Senate, like the House of Lords on which it is modelled, is not elected. For decades, and especially for the last two, the Canadian Senate has been the subject of many proposals for reform. Our parliamentary committee could have advocated the German form of upper chamber, as did the Pepin-Robarts Committee in 1979, or a form used in another federation.

The committee could have suggested the abolition of the Senate. To do that, however, would have required unanimity, and a number of provinces wish to keep the Senate so that they can have a say in one of the central institutions of the country. We therefore suggested to Parliament and its members that senators be elected, as the government suggests in its proposals dated September 24, 1991. Since a strong movement within Canada wants a Senate that is elected on a proportional basis and for a fixed term, as we noticed at the Calgary constitutional conference, we recommended that senators be directly elected according to the principle of proportional representation for a fixed six-year term.

The House of Commons will have the last word: the government will not be responsible to the Senate, the Senate will not be a confidence chamber, nor will it have ministers; the Senate's veto is a suspensive one in every case: six months in principle and 30 days for the supply bills.

After lengthy discussions, we finally recommended a Senate that is equitable, not equal. We have taken into account what we have heard in our hearings and in the conferences. This Senate may have 109 or 154 Senators as proposed by the majority: Ontario and Québec having each 20 per cent or around that, the West 40 per cent— the same proportion as if the Senate were egalitarian—and finally the Atlantic provinces 20 per cent. A double majority is provided for in the case of bills related to language or culture.

We retained a Senate that is part of a parliamentary system, not a presidential one as the American one. At his press conference on March 3, 1992, Premier Bourassa opposed a presidential style of Senate and, we think, rightly so.

It goes without saying that this newly-proposed Senate will play an important role in reaching the final constitutional agreement. Quite clearly, it will be part of the ultimate compromise.

The Liberal members of our Committee, dissenting, proposed a Senate with an absolute veto except in the case of supply bills; the Senate's veto would then be suspensive only for supply bills.

[*Translation*]

2) Aboriginal Peoples

The parliamentary committee recommends the entrenchment in the Constitution of the inherent right of aboriginal peoples to self-government. The legislative powers of this government will be established through negotiations between the federal, provincial and territorial governments and aboriginal peoples. Aboriginal rights continue to be justiciable immediately. Equality between native men and women is stipulated since the Canadian Charter of Rights and Freedoms would apply to natives. The parliamentary committee has not yet defined the term "self-government". That remains to be done.

I want to say here that a conference on aboriginal matters was held in Ottawa last weekend (March 13 to 15) and many questions were dealt with, such as equality between native men and women, the Canadian Charter of Rights and Freedoms, a charter of rights written by natives themselves, the inherent right of aboriginal peoples to self-government and aboriginal rights.

The last few days, the honourable Brian Dickson, a former Chief Justice, gave a description of what inherent rights could be. He mentioned that certain laws must apply to aboriginal peoples, such as the Criminal Code and the Canadian Charter of rights and freedoms, in order to prevent legal chaos, and that native self-government must realistically take many forms and not only one: treaties, special powers, constitutional guaranties.

We saw last weekend that the four leaders of aboriginal nations have a place at the negotiating table, and there is a lot

more work to be done to further define this future form of self-government.

The debate on distinct aboriginal societies is not over yet. Sections 25 and 35 of the Constitution Act, 1982 recognize implicitly the distinctiveness of aboriginal peoples. It would be desirable to find a synonym instead of using the same expression to reflect the distinctiveness of First Nations.

3) Economic Union

Profound changes were made in the economic union proposal the government presented on September 24. The Montreal Conference clearly indicated that the federal proposal should be changed. A new form of economic union was developed at the end of February and accepted by all three parties. A new section 36.2 was recommended for inclusion in the Constitution Act, 1982.

4) Social Charter

The federal NDP and Premier Bob Rae of Ontario suggested a social charter. Once again a formula that was agreeable to all parties was found during the last few days. A new section 36.1 will be included in the Constitution Act, 1982.

The Parliamentary Committee recommends that both statements of principle concerning the economic union and social charter should not be justiciable. They do recognize values that will be a guidance to parliamentarians, but they should not be interpreted by the courts.

5) Canadian Common Market

A Canadian common market is provided for. The notorious section 121 of the Constitution is amended to include the free movement of persons, capital, and services. The three parties agreed on this.

● (1710)

[*English*]

With regard to the Supreme Court, the committee followed very closely the Meech Lake Accord. We proposed that there be three justices from Québec, trained in civil law, on the bench of the highest court of the land. Supreme Court justices would be appointed by the federal government from lists provided by the provinces. In case of a deadlock, the Chief Justice may appoint a judge on a temporary basis according to a simplified mechanism inspired by section 30 of the *Supreme Court Act*.

7: Immigration:

On this point also the committee followed the Meech Lake Accord. Let's say here that our report is endorsing in substance and in principle the five conditions of the Meech Lake Accord and adds considerably with respect to the reform of the Senate, the division of powers and the inherent rights of the aboriginal peoples.

With respect to the amending formula, we propose five options: (1) the four regional vetoes already recommended by the Beaudoin-Edwards report; (2) the Meech Lake Accord unanimity rule for the central institutions; (3) a formula inspired by the Pepin-Robarts report (referenda in four regions); (4) the 7/50 formula automatically involving Québec in decisions regarding amendments to the central institutions; and (5) the 7/50 formula, involving Quebec in all decisions. The final choice among those five options is left to the conference of the eleven first ministers.

With regard to section 40 of the *Constitution Act, 1982*, which deals with the transfer of provincial legislative powers to the federal Parliament under the 7/50 formula, we propose that financial compensation for provinces opting out be extended to all provincial powers or competences, and not only to education and other cultural matters as it is actually the case.

[*Translation*]

9) Distinct Society

The Committee recommends that the concept of distinct society be entrenched in Section 25 of the *Charter of Rights* and, by way of the Canada Clause, in the Constitution.

The notion of distinct society can be traced back to the *Quebec Act of 1774* by which the Parliament of Westminster introduced French civil laws to Quebec, then a British colony. This was maintained in 1867 in sections 92.13, 94 et 98 of the *British North America Act*. In the *Constitution of 1867*, in agreement with Sir John A. MacDonald, Sir Georges-Étienne Cartier used the same expression, i.e. "property and civil rights", which first appeared in the *Quebec Act of 1774*.

The wording used to describe *distinct society* and linguistic duality drew some criticism. Some find the word "vitality" used in the distinct society and linguistic duality clause disturbing.

The word "promotion" in the definition of a distinct society is still present in our report and the word "vitality" appears when linguistic duality is discussed. The Supreme Court will, we feel, perceive a difference between the two. The word "promotion" seems stronger in our view.

10) The division of powers

This is at the very heart of federalism. In all federations, there is a question of centralization and decentralization. This is the very essence of a federal system. Federations vary over time, from one place to another, and from one another.

The division of powers has always been of great importance to Quebec.

One can speak of asymmetry. Our report brings it up. Asymmetrical aspects appear in the Constitution of 1867, a thing which many tend to forget. The spirit in which the Halifax Conference took place in mid-January was for us a breath of fresh air in this regard. Let us hope that this spirit survives in Canada. There will be a great need for it in the coming months and in the government's final offer. One can imagine in this respect, if need be, 1) a few concurrent powers with federal paramountcy in some case, and provincial paramountcy in others; 2) direct asymmetry could also be used, as in the case of culture; 3) it would be possible, finally, to restrict its exercise in certain fields through the federal spending power.

The Hon. the Speaker *pro tempore:* Honourable senator, I have been very patient, but your time is up. I am being told that you should conclude your remarks.

[*English*]

Hon. H. A. Olson: Honourable senators, I will not withhold consent, but I do want to point out that if we have rules like the 15-minute rule, we should apply them uniformly to all senators.

● (1720)

However, it has not been applied that fashion. In several cases honourable senators opposite have prevented me from speaking longer than 15 minutes. Let us not be confused. Justice for some senators should be the same as for all senators. I will not refuse leave now, but there will be times. You will find out how stupid this rule is.

[*Translation*]

Hon. Eymard G. Corbin: On the same point of order, honourable senators, while subscribing to Senator Olson's comments, I want to say that I think also it is appalling to break a rule considering the circumstances in which these rules were imposed on the Senate without the participation of the official opposition.

Whatever argument the other side can serve, these are your rules, you asked for it. You wanted to curb the opposition. You wanted to limit our democratic right of speech. It is a sad situation, and the more so because when we get into a major debate like this one, a fundamentally important one, we will use a double standard. Leaves will be granted and we will not dare object because we would be regarded as mean-spirited if we did, seeing of the importance of the debate.

Since last Fall, the Committee on Standing Rules was supposed to meet, but it did not for good reasons. Although the chairperson was ill, the Committee should have met and set about to amend these rules that are seriously harming the operation of this institution. We feel hurt in our right to speak and in turn you are too, you could be hurt too without the generosity and open-mindedness of senators sitting on this side of the House, and for this reason I will not oppose an extension of time for Senator Beaudoin.

[*English*]

Hon. Allan J. MacEachen: Honourable senators, while I share the point of view expressed by my colleagues, I think it would be unfortunate if we did not permit Senator Beaudoin to complete his statement. I would suggest that, in light of the importance of the debate on the Canadian Constitution and the report, we ought to agree now that whatever rule exists with respect to time limits should be waived to those senators who are speaking on this particular item. That would apply to Senator Beaudoin and to any other senators.

Hon. John Lynch-Staunton (Deputy Leader of the Government): I think I am partly at fault here. The Deputy Leader of the Opposition and I agreed that both the co-chairmen of the joint committee and Senator MacEachen, assuming that he would start off for the other side, would have pretty well unlimited time. I guess I assumed that word would have been passed on on both sides. I know now that I should have made an announcement about this matter before, and we would have avoided this unfortunate discussion.

Senator Stewart: What about the rest of us?

Senator Olson: What about the rest of us? Are we to be second class senators? We have just as much right as any other senator, with the exception of the Leaders on each side. That is all.

Senator Lynch-Staunton: I am talking about an agreement between the deputy leader and myself.

Senator Olson: I don't know what your agreement is. I don't want to hear it.

Senator Lynch-Staunton: If we cannot agree on an agreement then we cannot agree on anything.

Senator Olson: We will not be second class citizens; that is my point.

Senator Lynch-Staunton: You did not let me finish my statement.

Senator Olson: I heard your statement and I know what it is.

Hon. Duff Roblin: I think Senator MacEachen has offered a constructive suggestion which we ought to seriously consider. I thank him for it and I feel pretty sure it will meet with the approval of all members of this house without exception.

While I am on my feet I want to express a personal opinion on one item of the rules. On the whole I like the rules. They are just fine. However, I do think we ought to revisit the question of time limits with respect to 15 minutes on senators' speeches. It seems to me that it is more draconian than we need to accept. Indeed, it is in the best interests of this chamber that we not do so. A time limit more in the neighbourhood of 30 minutes would deal with any question of efficiency that we might be concerned with and, at the same time, allow a little more elbow room for those who have something to say and want to say it.

While I am not a member of the committee that will deal with this matter, I cherish the hope that they will take this particular topic under consideration. As far as I am concerned, I would not be opposed if we changed this 15-minute rule to something a little more convenient for the purposes and operations of the Senate.

The Hon. the Speaker *pro tempore:* Honourable senators, before asking for consent for the honourable senator to continue, I must tell you that I was not aware that there was an agreement made between the leaders, but as a rule I have been lenient to a certain extent—

Senator Lynch-Staunton: Let us not belabour it. I apologized for not having informed the chamber. Let's get on with the more important subject.

Senator Olson: Let us be fair to senators all over this chamber and not start to set up special classes of senators. As

someone who has been a victim of this rule, I feel probably a little more strongly about it than some other senators might. The rule has been exercised towards me, I think, three times. I feel pretty sensitive about someone else deciding how long I can speak when some other senators get more time.

I have nothing against any other senator, but I do not believe any senator's rights are superior to my rights in this chamber. Let us get that straight. If there is to be these kinds of deals, as you call it, and other arrangements set up, then let us stop them right now. If that is what we are leading into then I can tell you that unanimous consent is not forthcoming.

Senator MacEachen: I had thought that we might attempt to solve this particular problem, namely how we deal with the debate on the constitution which is extremely important.

Senator Olson: That is no more important than some of the things that I brought up in this chamber.

Senator Barootes: My good Lord, man!

Senator Olson: Nor more important than the economic plight of farmers out there. Let us not set up different kinds of debates. I tell you that equality, at least in this place, ought to prevail and I intend to see that it does. I will not withhold consent today but I do not accept for any reason rules that will create different classes of senators.

Senator MacEachen: Honourable senators, I think that I had a solution to the senator's difficulty, namely equality. I proposed that in this debate, which I described as an important debate not a more important one, Senator Beaudoin be given unlimited time, and that any other senator who wishes to speak be given the same treatment, thereby establishing and firmly anchoring in the agreement the principle of equality so strongly put forward by my colleague to the right. I must say that he has been uncharacteristically forceful today. He only exhibited similar forcefulness when he addressed the chief justice of the court, and that was a historic day.

Senator Olson: They fixed that, too, with their rules.

Senator MacEachen: Can we agree seriously to deal with the matter in this way? Otherwise well be in a mess.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): As far as we are concerned we are quite prepared to agree to that suggestion made by Senator MacEachen. Therefore we are quite prepared to proceed in that way and have it ordered for this debate, which is undoubtedly an extremely important debate for Canada. When you take the long view, it is very rare that senators have abused the time of this house. The problem with the rules is that we are harking back to the GST debate of last year and we are imposing rules because of that situation. However, we are not in that state in the Senate now and I think we could have much more relaxed rules.

The Hon. the Speaker *pro tempore:* Is it agreed that Senator Beaudoin continue?

Hon. Senators: Agreed.

Senator Beaudoin: If I may speak, I am sure I will terminate my remarks before 6 o'clock.

[Senator Olson.]

[*Translation*]

Senator Beaudoin: So I was talking about the paragraph dealing with the asymmetry mentioned in our report. I start again with the first sentence. There are in the Constitution of 1867 some forms of asymmetry people often tend to forget. And as I said, the spirit of the Halifax conference in mid-January was like a breath of fresh air in this respect. Let us hope that this spirit is not dead. We will need it in the months to come and for the final proposals. We can imagine here, if necessary, and it is explained in the report, a few rival powers with a prevalence sometimes federal, sometimes provincial; one can use a direct asymmetry, and finally it can be limited by using the federal spending power.

As far as federalism is concerned, the fundamental dilemma has always been the same one in Canada: the English-speaking provinces generally want a strong central power and Quebec on its part likes a some decentralization.

Senator Corbin: I am sorry, honorable senator, but I would like to ask you a question on a point of order which is crucial. You talked about Quebec and the English-speaking provinces. But there is one province which is not English-speaking, it is New Brunswick which is an officially bilingual province. I would ask you to take that into account.

Senator Beaudoin: Then eight English-speaking provinces and one province—

• (1730)

[*English*]

Senator Sylvain: No wonder the country is going to hell.

Senator Corbin: If you find that a laughing matter, laugh your heart out. It is a shame that you take that attitude in this house.

Senator Roblin: I don't lose my temper as easily as you do.

Senator Corbin: I can control myself, but I find that despicable.

[*Translation*]

Senator Beaudoin: It is relatively easy. Quebec wants some decentralization, while other provinces are generally calling for centralization.

True asymmetry, concurrent powers, federal spending power: three ways to resolve this dilemna for Canada, and for one of its provinces, Quebec. One also can, if necessary, provide in the latter case for direct payments to the provinces.

We looked at the distribution of powers in 24 areas: residual power, declaratory power, immigration, legislative delegation, labour market training, tourism, forestry, mining, urban affairs, recreation, housing, spending power, culture, inland fisheries, personal bankruptcy, marriage and divorce, broadcasting, safeguard mecanism for intergovernmental agreements, also family policy, health, education, social services, energy and regional development. We are recommending changes and transfers, as well as the status quo in some cases. I repeat, twenty-four powers. Therefore I just don't know what

to think when I hear critics say that the distribution of powers was not addressed.

We have made recommendations. From now on, section 93.B will say that Quebec will have exclusive authority in cultural matters. Section 93.A will say that labour market training will be a provincial matter. Section 95.A will say that delegation of legislative authority will be possible under certain conditions. Immigration as defined in section 95.B will be enshrined in some other form. From now on, the parameters of the federal spending power will be further refined. Agreements between Ottawa and the provinces could be guaranteed in the Constitution through a new mechanism provided in the new Constitution itself. Two federal jurisdictions: inland fisheries and personal bankruptcy, will now be concurrent powers. Two federal matters will be on the table: marriage and divorce. We suggest transferring these to Quebec because of its Civil Code, which is part of the definition of the distinct society. Family policy is also on the constitutional table.

I would like to get back to the federal spending power. It has existed for half a century, or I should say since 1937 at least, as a result of a decision of the Privy Council, twice confirmed by the Supreme Court of Canada, in recent years. Including it in the Constitution means we can at the same time define its parameters and limits and allow the provinces to exercise the right to opt out with full compensation. I think this is a good way to renew Canadian federalism. I think it is very important, especially for Quebec. The federal spending power is not unique to Canada and is certainly not unique in the world. We find it in the United States and Australia, for instance. Quebec, of course, accepts equalization payments under section 36, which is quite normal.

We should also realize that from now on, the provinces will take part in developing national objectives.

I realize that for Quebec, the division of powers is the most important point.

Perhaps I may recall two passages from our report concerning the parameters of the federal spending power. They reflect our thinking in this area and which unfortunately seem to have been overlooked.

> It is proposed that federal monies usually spent in a particular area (tourism, forestry, recreation, housing, urban affairs and mining) would be unconditionally turned over to the province for use in this area upon signing an agreement. Any continued use of the federal spending power in the field would be conditional on the approval of the province.

We recommend adding to these six areas those of regional development, family policy and energy, which are not mentioned in the federal proposals.

The report also says:

> Any continued use of the federal spending power would be conditional on the approval of the province, subject to the ability of the federal government to maintain programs clearly identified as related to national objectives.

I am talking about interventions in provincial areas and shared costs programs.

In conclusion, what does the future hold?

It is up to the federal Cabinet to update its proposals. It can improve on the committee's report. It will be able to use two resolutions: a 7/50 formula and the unanimity rule. At the end of May, the government will be able to table its offers before the two Houses, thus providing an answer to the committee report on the renewal of Canada.

It is only from that point on that we will be able to talk about true federal offers.

Our committee made an in-depth study of parliamentarism with the Senate reform, the Canadian federalism and the division of powers. Like we said, never has a parliamentary committee had such a mandate since 1867. We did everything we could. Only the future will tell if our committee did the necessary groundwork.

There is no doubt that, ultimately, each major issue will be a determining factor: first, the division of powers; second, the aboriginal self-government; third, the elected Senate; fourth, the distinct society. To those four main issues, we must add (and that is very important) the amendment formula, as well as the presence of three judges at the Supreme Court of Canada.

Honourable senators, this is how I can summarize as briefly as possible the ten most important points in this report. I am well aware that, at times, the text is somewhat technical and there is also some legal jargon, but we had to try to be accurate and to go straight to the joint because there is little time left.

I am very pleased that, in spite of some dissenting opinions, we were at least able to present a report that was 90 percent unanimous on a topic that not only dealt directly with the division of powers but also with parliamentarism as well as with the very complex issue of aboriginal self-government. Thank you very much.

● (1740)

[*English*]

Senator MacEachen: Honourable senators, I propose to adjourn the debate and to speak later—possibly early next week. That will not prevent any other senator who wishes to speak in the meantime from doing so. I would not stand in anyone's way by taking the adjournment. It is not that I am not prepared to speak; it is that I am overprepared. My job is to try to reduce that preparation to manageable proportions.

Before I sit down I want to thank Senator Beaudoin for what he has presented today—namely, the summary covering so many points, which was quite useful, and also the references which he has made to members of the committee. He should be complimented for his chairmanship and for the dedication he has shown during the course of the committee hearings and the subsequent preparation of the report.

As I will indicate in my speech, Senator Beaudoin and I have somewhat different perspectives as to the meaning of the

report in certain areas and also as to the importance of the dissenting views. It is true that it is a unanimous report in the sense that all members of the committee signed the document, but we were unanimous about quite a number of very important items and we were unanimous in that agreement. But we were also unanimous in disagreement.

We were unanimous in agreement and unanimous in disagreement because the signatures were attached to a report containing unanimity and dissent. For example, when one looks at the final report, particularly with respect to Senate powers, one cannot regard that as anything but as a major, substantial difference of opinion, the resolution of which in my view will determine whether we have an effective, equitable or equal, and elected Senate. I think Senator Beaudoin would agree that that dissent alone is of major consequence. It is of even more significance in the sense that the report of the committee diverged sharply from the proposals of the Government of Canada on the question of Senate powers. The Government of Canada provided in its proposal an absolute veto in the normal correspondence of the legislative process, and a suspensive veto was attached to matters of national importance, while appropriation and tax bills would not come to the Senate.

Mr. Clark, in his significant speech in Calgary on the powers of the Senate, said that an analysis of legislation which had gone through Parliament over the past three years would indicate that, had the proposals of the government been implemented, 80 per cent of that legislation would have been covered by an absolute veto. That certainly lifted my spirits, because I thought that we would have the basis of an effective second chamber.

I am still mystified personally why the members of the committee retreated from that government proposal — and it is a major one. It is a creation of the committee, not a creation of the government, unless the government changed its mind and instructed the Conservative members of the committee to go along in a certain way. But you must remember that one of the tests — at least one of the helps that one can have in examining the report of the committee—is to look at how the committee diverged from the proposals of the government. It certainly did not slavishly follow the proposals of the government at all. The Senate is a very important case.

Senator Beaudoin has referred to the recommendation on the proposal of the Government of Canada.

The Hon. the Acting Speaker: Honourable senators, may I have permission not to see the clock?

Senator MacEachen: No. I want to finish by adding one other illustration as to how the committee diverged from the proposal of the Government of Canada, which was a regrettable divergence.

The Government of Canada sought a new head of power to manage the economic union. If that had been approved, there would have flowed therefrom considerable repercussions with respect to the management of fiscal policy, the consultations with the provinces on matters within the exclusive jurisdiction of the provinces, and other matters. The federal government sought a new power — I thought a rather gentle, new power for itself. That has been modified, to use an eloquent phrase used by Senator Beaudoin, to the extent that it will not be a power at all. It will be a goal, an objective of government included in the Constitution, or a guide. But it does not empower the Government of Canada in any way to exercise the responsibilities that it sought under that proposal.

I think one has to look at how the committee, influenced in some cases by public opinion, influenced in some cases by the conference, and influenced in other cases by its own internal dynamics, reached different conclusions, and I would hope to talk about this later in more detail.

At this moment, I am wondering what the status of this report is in the constitutional process. Is it the document we thought it would be—that it would become an important basis of the proposals of the Government of Canada? Has it got, as it were, the elasticity or the sturdiness or the strength to survive, for example, the disapproving vote in the National Assembly of Quebec? Has that deprived the committee report of its ability to become a valuable document in this process? I ask that question, and I ask another question.

We were pleased to see that a multilateral meeting of provincial officials, certain premiers, and native leaders was held with Mr. Clark. One had the impression that new working groups were established as if to begin the work anew. That is the impression I received—not that I am hurt personally at all. I did, from time to time, attempt to tell my colleagues in the Liberal caucus not to exaggerate their importance, but I did not believe that we would pass into history as rapidly as we appear to have done. And I wonder whether the report which was delivered and spoken about today is the basis of the work of the multilateral officials? Or are they starting, as is my impression, from the beginning? I think it would be unfortunate if the contents of the report were overlooked.

On motion of Senator MacEachen, debate adjourned.

BUSINESS OF THE SENATE

Hon. John Lynch-Staunton (Deputy Leader of the Government): May I suggest that, with the exception of Motion No. 29 standing in the name of Senator Stewart and Motion No. 30 standing in the name of Senator Marshall, all remaining Orders, Motions and Inquiries be allowed to stand. There was no agreement on this by the way.

Hon. Gildas Molgat: On that point, I think if we do that, we should ensure that those that we are not calling do not lose a day in their timings. I think that would be very unfair. We should ensure that they remain at whatever number they are at now.

Hon. Eymard G. Corbin: Honourable senators, I want to add to what Senator Molgat has said. I had not thought of that aspect of it, because of our current agreement. There is also another consideration which is satisfied by today's accord between the two parties, and that is that today we did not have

Hansard printed. Apparently it is going to be available only tomorrow. I would simply suggest that, if that occurs again in the future, the calendar not move until *Hansard* is available. For example, today, I wanted to respond to Senator Marshall's comments, but because I did not have his excellent statement of yesterday in print form there was no way I could do that and risk misinterpreting or distorting his words. I simply put that in the pile with everything else.

FOREIGN AFFAIRS

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF SENATE

Hon. John B. Stewart pursuant to notice of March 17, 1992, moved:

> That the Standing Senate Committee on Foreign Affairs have power to sit at four thirty o'clock in the afternoon, on Tuesdays, March 24 and 31 and April 7, 1992, even though the Senate may then be sitting, and that Rule 96(4) be suspended in relation thereto.

Motion agreed to.

SOCIAL AFFAIRS, SCIENCE AND TECHNOLOGY

MOTION TO AUTHORIZE COMMITTEE TO STUDY NFB FILM PRESENTATION—DEBATE ADJOURNED

Hon. Jack Marshall pursuant to notice of March 17, 1992, moved:

> That the Standing Committee on Social Affairs, Science and Technology be authorized to examine the contents of the CBC/NFB series "The Valour and the Horror" and report upon the said production to determine the authenticity of the three part series, viz., *Savage Christmas: Hong Kong 1941*; *Death by Moonlight: Bomber Command*; and *In Desperate Battle: Normandy 1944*, due to the mounting unfavourable reaction of the said production.

On motion of Senator Molgat, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

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THE SENATE

Thursday, March 19, 1992

The Senate met at 2 p.m., the Hon. the Speaker *pro tempore* in the Chair.

Prayers.

SENATORS' STATEMENTS

GENERAL ELECTION

NUMBER OF DAYS LEFT IN CURRENT TERM

Hon. Royce Frith: Honourable senators, to keep the election clock duly recorded, as of today, using Senator Murray's criteria, a government respecting democracy has 247 days until election, whereas a cowardly government, a government that is contemptuous of democracy, has 633 days until reckoning day.

Senator Barootes: Who is going to do this when you are away?

Senator Frith: Make me an offer, Senator Barootes. I know I can count on you.

REPUBLIC OF SOUTH AFRICA

NATIONAL REFERENDUM—COMMENDATION BY CANADIAN BRANCH OF COMMONWEALTH PARLIAMENTARY ASSOCIATION

Hon. C. William Doody: Honourable senators, I should like to advise the Senate that the Canadian Branch of the Commonwealth Parliamentary Association has today sent a short letter to His Excellency the Ambassador of the Republic of South Africa which states as follows:

Dear Mr. Ambassador:

My colleagues on the Executive Committee of the Canadian Branch of the Commonwealth Parliamentary Association have asked me to convey to you, and through you, to your Parliament, our admiration and respect for the effective way in which your government has sought and received such strong support from South Africans for its programme of constitutional reform.

I am, dear Mr. Ambassador,

Yours sincerely,

C. William Doody (Senator),
Chairman.

INTERNATIONAL DAY FOR ELIMINATION OF RACIAL DISCRIMINATION

COMMEMORATION OF SHARPEVILLE TRAGEDY

Hon. Noel A. Kinsella: Honourable senators, March 21 is the International Day for the Elimination of Racial Discrimination.

The world community has chosen this specific date in memory of the Sharpeville tragedy which occurred on March 21, 1960, in South Africa. We might note this year the developments occurring in that part of the world. We are encouraged by the results of the vote earlier this week, which is in the direction of helping to destroy the apartheid policy. Canada should continue to urge the speedy elimination of all forms of racial discrimination.

In Canada tolerance and understanding must be the only currency in our interpersonal relations. For, when we are intolerant and discriminate against an individual, we not only diminish the quality and the opportunity of that individual's life; we also deny ourselves the potential of that individual to be and to achieve the best that he or she can be.

Important legislative and program initiatives must continue to ensure that racism finds no place in Canadian society. It is also important to see section 15 of the *Canadian Charter of Rights and Freedoms* give constitutional expression to the right of all Canadians to be equal before and under the law without discrimination because of race.

Honourable senators, it is helpful to recall that Article I of the International Convention on the Elimination of all Forms of Racial Discrimination, to which Canada is a contracting party, provides that: "the term 'racial discrimination' shall mean any distinction, exclusion, restriction or preference based on race, colour, descent or national or ethnic origin which has the purpose or effect of nullifying or impairing the recognition, enjoyment or exercise on a equal footing of human rights and fundamental freedoms in the political, economic, social, cultural or any other field of public life.

Across Canada we must continue to take steps to ensure that all Canadians are on an equal footing when it comes to the enjoyment of equality rights. Therefore, it will be important to develop a national schema, perhaps involving a partnership among the federal and provincial governments, law societies and other sectors, to provide for a new and creative Charter of Rights enrichment program.

VETERANS AFFAIRS

CBC MINI-SERIES "THE VALOUR AND THE HORROR"

Hon. Jack Marshall: Honourable senators, since I did not have the opportunity yesterday to support Motion No. 30, I wanted to draw to the attention of the Senate some of the letters and articles appearing in the newspapers with respect to this matter. I will take up my three minutes in reading parts of one letter from the Ottawa Branch of the RCAF Prisoners of War Association.

The president, Mr. A. Little, said this, in part:

> ". . . at worst, [*The Valour and the Horror*] is seen as another attempt, as in the case of Canada's top fighter ace of *WWI*, Billy Bishop VC, to desecrate the memory of all of our nation's heroes and our comrades of the Navy, Army, The Merchant Marine and the Royal Canadian Air Force—Fighter Command, Bomber Command and Coastal Command, both sexes, who fought valiantly and well in the service of our country; of those who as Prisoners of War gave up months and years of their youth; of those Prisoners of War who were murdered, sometimes on a whim, while an unarmed and defenceless captive; of those young Canadians who were injured or who gave of their limbs and suffered constant pain since that time; and of those who paid the ultimate price and who now lie buried in a far off foreign land . . ."
>
> Perhaps the greatest indignity of all, was not inflicted by the Italians, the Japanese, or the Germans, but is that now being inflicted by the Canadian government sponsored *CANADIAN BROADCASTING CORPORATION* and by certain members of the media who enjoy the LIBERTY AND FREEDOM OF SPEECH, purchased for them at such great costs by those whom the CBC and some media members now so viciously seek to destroy.
>
> The inaccuracies such as an airman's hat badge on an officer's hat, and the reference to special awards to our brothers in fighter command, lend nothing to the program's authenticity and can be overlooked, but the deliberate attempt to highlight real or imagined conflict between French speaking and English speaking members of the services at this time when Canada needs compassion, NOT conflict, should be cause for dismissal of any employee of a Crown Corporation, who, using taxpayers' dollars, engages in such practices.

RADIO CANADA INTERNATIONAL

EFFECT OF CUTBACK

Hon. Finlay MacDonald: Honourable senators, I will not repeat my earlier remarks on this subject, except to remind senators that it is just about a year ago at this time that the Government of Canada gutted our shortwave service, Radio Canada International, and for all practical purposes silenced our voice to the world.

Senator Frith: I'm sorry, they gutted our what?

Senator MacDonald: Will my time start again?

Senator Frith: Yes, please. I just did not hear what you said. They gutted our what?

Senator MacDonald: Gutted our shortwave service, Radio Canada International, silencing our voice to the world.

Senator Frith: I just needed the one word. Sorry I asked. I just wanted to hear what you were talking about.

Senator MacDonald: Today, as a matter of fact, I received a letter—and it was ironic that I received it today. It is from a Mr. Heseltine of London, England. He writes:

> I cannot believe that the government would cut RCI's small budget for economic reasons. The only reason I can see for the effective closing down of RCI is that the government thinks it is irrelevant. If this is the case then I believe the government has not been well briefed.—

To which I say, "Amen." He continues.

> . . . It is a sad fact that there is virtually no coverage of Canada available in Europe apart from RCI, and from the Canadian Forces Network which is about to be closed. Excluding coverage of the Olympics, I have heard little information about Canada broadcast by European stations during my 8 years in the UK. There seems to average about one or two short pieces in the papers a year. By contrast, the Times regularly publishes items about events in Australia. Yet Canada's GATT concerns and the Constitutional debate have not been mentioned. Canada says it is a leading contributor to the Yugoslavia peace forces. Yet all the news items in the UK fail to mention this. We are a forgotten and unknown nation.
>
> From another perspective, information broadcast here about the U.S.A. could well be defined as prejudicial and certainly misleading of life in North America in general. As there is virtually no local information about Canada it is certain that Canada's image is greatly tainted by this brush. By effectively abolishing Canada's voice to the world, we lose any chance of rebutting this inference . . .
>
> With respect, it is not an unnatural question to ask what right has Canada, particularly on behalf of other peoples, to have a voice in diplomatic, and indeed extra-diplomatic circles unless it shoulders part of the burden that is required to give those peoples access to broadcast services which they may otherwise be denied or unable to afford.
>
> At its lowest, not fostering RCI is inconsistent with Canada's role as an international mediator, peacekeeper, and observer of human rights.

Today, I received information that this Sunday, in Quebec City, the Challenges for International Broadcasting Conference will invite 35 nations that have international shortwave services to attend. The host broadcaster of this conference is Radio Canada International. What hubris! What hypocrisy!

Hon. Gildas L. Molgat: Honourable senators, Senator Finlay MacDonald's statement leads me to a statement of my own. I agree with him thoroughly. He brought the matter to

our attention last year, as I recall, when the decision was made. I believe we should proceed with an inquiry on this matter. I know the honourable senator presently has a major inquiry going on about rail sales in Nova Scotia. Once that is concluded, I believe we ought to have an Inquiry on this subject. If the honourable senator himself, as Chairman of the committee, feels that he cannot bring such an Inquiry forward, then we will see to it that it happens. The subject is of major importance to Canada, a country which depends for most of its income upon international trade, and hence, on being known across the world.

[*Translation*]

CONSTITUTIONAL CONFERENCES

ACCESSIBILITY TO FRANCOPHONES OUTSIDE QUEBEC

Hon. Eymard G. Corbin: Honourable senators, I was really surprised to read in *La Presse* of Thursday, March 19, this morning, that Mr. Bouchard snubbed Francophones outside Quebec. That was the headline of a Canadian Press article. I quote:

> "Even if they asked for it, Francophones outside Quebec will not be at the table as native people are. There are a million Italians and they ask nothing of us."

The Minister of Health, Benoît Bouchard, made this stinging comment yesterday, on the eve of today's constitutional meeting.

I think that Mr. Bouchard does not know his Canadian history. For example, he does not know that these so-called Francophones outside Quebec, a pejorative term that some Quebecers like to use from time to time in the same way that the French CBC likes to refer to "Quebec and the English provinces", which shows a base ignorance of Canadian history, because these so-called Francophones outside Quebec were outside Quebec before Quebec even existed. They were in Port Royal, in Nova Scotia and around the Gulf of St. Lawrence even before Quebec existed.

I have no objection to being told honestly and openly that unfortunately, there is give and take in these negotiations, but to be told that as Francophones outside Quebec we have no business there shows ignorance, if not worse, something for which certain persons on the federal political scene should see their political psychiatrist.

[*English*]

CANADA ASSISTANCE PLAN

REPORT OF NATIONAL FINANCE COMMITTEE

Hon. Roch Bolduc, Chairman of the Standing Senate Committee on Foreign Affairs, presented the following report:

Thursday, March 19, 1992

The Standing Senate Committee on National Financehas the honour to present its

[Senator Molgat.]

SIXTH REPORT

Your Committee, to which was referred Bill C-32, "An Act to amend the Canada Assistance Plan", has, in obedience to the Order of Reference of Friday, February 28, 1992, examined the said Bill and now reports the same without amendment.

Respectfully submitted,

ROCH BOLDUC
Deputy Chairman

THIRD READING

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

On motion of Senator Bolduc, bill placed on the Orders of the Day for third reading at the next sitting of the Senate.

● (1410)

[*Translation*]

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

PRESENTATION OF SEVENTH REPORT OF COMMITTEE

Hon. Thérèse Lavoie-Roux, Chairman of the Standing Committee on Internal Economy, Budgets and Administration, has the honour to present the following report:

SEVENTH REPORT

Your Committee has examined and approved the budget presented to it by the Chairman of the Standing Senate Committee on Banking, Trade and Commerce for the proposed expenditures of the said Committee with respect to its examination and consideration of such legislature and other matters as may be referred to it, as authorized by the Senate on Tuesday, March 17, 1992. The said budget is as follows:

Professional and Other Services	$3,000.00

Respectfully submitted,

THÉRÈSE LAVOIE-ROUX
Chairman

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

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

PRESENTATION OF EIGHTH REPORT OF COMMITTEE

Hon. Thérèse Lavoie-Roux, Chairman of the Standing Committee on Internal Economy, Budgets and Administration, has the honour to present the following report:

EIGHTH REPORT

Your Committee has examined and approved the budget presented to it by the Joint Chairman of the Special Joint Committee for a Renewed Canada for the expenditures of the said Committee with respect to its inquiry and recommendations to Parliament on the proposals of the Government of Canada for a renewed Canada contained in documents referred to it, as authorized by the Senate on Friday, June 21, 1991. The said budget is as follows:

Professional and Other Services	$644,100.00
Transportation and Communications	514,500.00
Other Expenditures	157,800.00
TOTAL	$1,316,400.00

Respectfully submitted,

THÉRÈSE LAVOIE-ROUX
Chairman

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

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

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

PRESENTATION OF NINTH REPORT OF COMMITTEE

Hon. Thérèse Lavoie-Roux, Chairman of the Standing Senate Committee on Internal Economy, Budgets and Administration, has the honour to present the following report:

Thursday, March 19, 1992

The Standing Committee on Internal Economy, Budgets and Administration, has the honour to present its

NINTH REPORT

Your Committee has examined and approved the budget presented to it by the Joint Chairman of the Special Joint Committee on Conflict of Interest for the proposed expenditures of the said Committee with respect to its comprehensive review of the subject-matter of Bill C-43, An Act to provide for greater certainty in the reconciliation of the personal interests and duties of office of Members of the Senate and of the House of Commons, to establish a Conflict of Interests Commission and to make consequential amendments to other Acts; and, in fulfilling its mandate, review the conflict of interest approaches used in other jurisdictions and any other matter related thereto, as authorized by the Senate on Monday, December 9, 1991. The said budget is as follows:

Professional and Other Services	$17,595.00
Transportation and Communications	4,660.00
Other Expenditures	2,405.00
TOTAL	$24,660.00

Respectfully submitted,

THÉRÈSE LAVOIE-ROUX
Chairman

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

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

● (1420)

[*English*]

ADJOURNMENT

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding rule 59(1)(*h*), I move:

That when the Senate adjourns today, it do stand adjourned until Tuesday next, 24th March, at two o'clock in the afternoon.

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

Hon. Senators: Agreed.

Motion agreed to.

CANADA DEPOSIT INSURANCE CORPORATION

NOTICE OF MOTION TO AUTHORIZE BANKING, TRADE AND COMMERCE COMMITTEE TO CONDUCT STUDY

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, I give notice that on Tuesday, March 24, 1992, I will move:

That the Standing Senate Committee on Banking, Trade and Commerce be authorized to examine the subject matter of Bill C-48, an act to amend the *Canada Deposit Insurance Corporation Act* and to amend other acts in consequence thereof in advance of the said bill coming before the Senate, or any matter relating thereto.

[*Translation*]

LOUIS RIEL

NOTICE OF MOTION TO TABLE RELEVANT DOCUMENTS

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, I give notice that next Tuesday, March 24, I will move that there be laid before this House all papers, documents, letters, faxes, elecronic messages, courier messages, minutes of meetings and recorded messages concerning Louis Riel exchanged between the Office of the Right Honourable Joe Clark, Minister of Consitutionnal Affairs, or any other person in his office or department, and Mr. Yvon Dumont or any other person of the Manitoba Metis Federation Incorporated and the Metis National Council.

BANKING, TRADE AND COMMERCE

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF SENATE

Hon. Jean-Marie Poitras: Honourable senators, with leave of the Senate and notwithstanding Rule 59(1)(*a*), I move that the Standing Senate Committee on Banking, Trade and Commerce be authorized to sit at 4 p.m. next Tuesday, March 24, 1992, even if the Senate is sitting at that time, and that Rule 96(4) be suspended in relation thereto.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, I can only repeat what I said before. This is a serious problem for the Senate. Some way or other must be found to solve it. I am not objecting, but I repeat that we cannot go on this way.

Motion agreed to.

GOODS AND SERVICES TAX

PRESENTATION OF PETITIONS

Hon. Jacques Hébert: Honourable senators, I have the honour to present petitions signed by 1,355 citizens of Ontario who oppose the goods and services tax. These petitions come mainly from Deep River, Fort Erie, Toronto, Thunder Bay, Brampton, Mississauga, Ridge Way, Alexandria, Burlington, Hamilton and Ottawa.

I also have the honour to present petitions signed by 1,092 citizens of Ontario who oppose the goods and services tax. These petitions come mainly from Chatham, Wardsville, Barrie, Ayton, Hamilton, Missisauga, Ottawa, Marmorra, Nobleton, Kingston, Sudbury and Sault Ste. Marie.

[*English*]

All together, there are 2,447 irate citizens protesting against an unfair tax that has inflicted great misery on millions of Canadians.

Hon. Royce Frith (Leader of the Opposition): Hear, hear!

● (1430)

QUESTION PERIOD

NATIONAL UNITY

PROPOSED REFERENDUM—GOVERNMENT POSITION

Hon. Royce Frith (Leader of the Opposition): Honourable senators, I have a question for the government leader in the Senate. There are reports that the Prime Minister is frustrated. While actually commenting about the excellent results of the referendum in South Africa, he was persisting in his refusal to have one in Canada. But at that time he apparently appeared frustrated with how quickly other countries, including South Africa, have resolved major political problems while Canada continues to flounder in its constitutional quagmire. There is an alleged quotation from him which states:

[Senator Molgat.]

> The Soviet Union remakes itself in weeks, German unification takes place in months, and Canadians can't agree on the wording of a Canada clause in decades.

My question for the Government Leader in the Senate is: Can that be interpreted as the Prime Minister blaming other Canadians for the failures that he bemoans, or is it the admission of a politician—an admission of his own failure and that of the Government Leader in the Senate in their efforts over the past many years at nation building? If it is such an admission of failure, it would be most refreshing.

Hon. Lowell Murray (Leader of the Government): Neither of the above.

Senator Frith: I would not have thought so.

Some Hon. Senators: Here, here!

Senator Doody: Have another shot at it.

Senator Frith: I am just about to. There is a doctrine in law that says the Queen or King can do no wrong. That has been obviously incorporated as the slogan of this government because never ever have I heard them admit, through the Leader of the Government in the Senate or otherwise, that they have ever done anything wrong in eight years.

Senator Simard: You have not been listening all the time.

Senator Frith: Point them out to me. I would love to see them. Thank you, senator.

Senator Simard: You were away on your tour.

Senator Frith: Is senator Simard undertaking to give me those submissions and put them on the table in the Senate?

Senator Simard: I would love to.

Senator Frith: I should like to see those admissions of wrong. I know that he admitted they were wrong on a bill the other day, but that is the only one I can think of.

[*Translation*]

THE SENATE

DELAY IN PRODUCTION OF *DEBATES*

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, my question is for the Chairman of the Internal Economy, Budgets and Administration Committee. Since I raised the matter of the late publication of the *Debates of the Senate* in this House yesterday and that an answer was given at a meeting of the Internal Economy Committee this morning, I consider important that the answer be repeated in this House and recorded in the *Debates*. Since the question has been formulated, could the Committee Chairman repeat the answer given this morning?

Hon. Thérèse Lavoie-Roux: I wish I could, senator, but I fear that I might be somewhat unfair in doing so. If you would allow me, I would be happy to have a complete answer which could be tabled at our next sitting.

Hon. Senator Molgat: By all means, senator. Please excuse me, I should have given you advance notice, but this came

through my mind just as I was taking my seat. Noting that the *Debates* had not yet been distributed, I felt that I should raise the matter. I am quite willing to wait until our next sitting for a complete answer. That would be fine.

Hon. Eymard Corbin: Honourable senators, I have a question for the Chairman of the Internal Economy Committee. We have not yet received the *Debates* for our last sitting, yesterday.

The *Debates* for our previous sitting, the day before yesterday, was distributed only this morning. This delay in printing *Debates* appears to have been caused by a greater than usual number of interventions in French over the last two days. I find this excuse unacceptable in an institution which wraps itself in the *Official Languages Act*. You seem to have an answer which you appear eager to provide. I am all ears.

Senator Lavoie-Roux: Honourable senators, the question from Senator Corbin brings back to my mind at least part of the answer given this morning. I think it is true, and it could be verified, that generally speaking 10 to 15 per cent of *Debates* are in French, and 80 to 85 per cent in English. This seems to have created some problems, or at least it is part of the answer.

I agree with Senator Corbin and, as it seems to be a first, in a way, I rejoice that we should be using more French in the Senate that we ever did. If this is part of the problem, we will certainly make sure that we take the necessary steps to correct it.

Senator Corbin: Honourable senators, I have another question for the chairman of the Committee on Internal Economy.

Last summer, two students were hired by the Senate administration to do an inventory listing of what we have in our offices. In September, I received a copy of the inventory list for my own office. I am not complaining about the fact that a personal item was on that list, I am complaining about the fact that despite two requests, since September, to the person in charge of that service, the list has still not been corrected. Nothing was done. However, what I object to the most is the fact that I received that inventory in English only. I asked the person responsible—I can give you his name anytime—or, rather, my secretary asked on my behalf that I be provided with an inventory in French with the necessary correction for the item which is my property.

In December, since I had not received an answer, I called this civil servant myself to remind him that there was an Official Languages Act which applies to the Senate and all federal institutions, and that I demanded to receive promptly the inventory list in French.

Among other thing, he told me: "Senator Corbin, I think you are being negative." Because I demanded that this document be provided to me in French I was accused of being negative.

I am asking for your advice in your capacity as Chairman of the Committee on Internal Economy. What should I do now, after several months of repeated requests, to ensure that my rights and privileges as a francophone senator are observed by officials of this institution?

Senator Lavoie-Roux: Senator Corbin, I understand your frustrations despite your repeated requests for remedial action which did not materialize. I am also astonished that you, as a member of the Committee on Internal Economy . . . You were present on February 13th . . .

Senator Corbin: The agenda was so tight that, unfortunately, I could not have the floor.

Senator Lavoie-Roux: Senator Corbin, I think this accusation is entirely frivolous!

I don't think anyone is prevented from speaking at meetings of the Internal Economy, Budgets and Administration Committee or one of its sub-committees.

In any event, I think you could have discussed this matter with me privately. You felt it was appropriate to do so in this Chamber, but suppose tomorrow, a dozen senators rise and start asking me questions about their daily hassles! Well, if you must, you must! I made a note of your request, but I am surprised you decided to raise the matter here, although you never mentioned it to me before.

Senator Corbin: After all, you chair the committee!

This is not the first time I mentioned the problems we have as Francophones in the Senate. You promised . . . Let me finish. First of all, this is not a minor hassle. The reason I didn't mention it before is that I am extremely patient.

I wanted to give this person a chance. Obviously, it was a case of bad faith.

Last fall, you promised that the first item on the agenda at the beginning of this year would be the quality of French and English in our official records.

Is this on the Committee's agenda, Senator?

Senator Lavoie-Roux: Honourable senators, it is. In fact, I am grateful that Senator Corbin insists on raising the issue of the quality of French or the availability of French versions of certain texts or motions.

I always said I agreed with him. In fact, a request was duly filed with the Clerk of the Committee. The issue is identified as an item that is supposed to appear on the agenda very shortly, I believe.

However, other priorities as well have been indicated by the Budget Sub-Committee or the Internal Economy, Budgets and Administration Committee. I can assure the senator that the matter has certainly not been dropped. He has every right to bring it up again in this Chamber, but I simply wanted to say that I imagine the problem must have existed even before I became chairman of this committee. I hope you will show the same kind of perseverance you did today, but patience, honourable senators!

• (1440)

[*English*]

NORTH AMERICAN FREE TRADE AGREEMENT

BRIEFINGS FOR OPPOSITION MEMBERS—GOVERNMENT POLICY

Hon. Lorna Marsden: Honourable senators, the Leader of the Government is no doubt aware of the debate going on about the government briefing members of the Opposition on the North American Free Trade Agreement. I wonder if the Leader of the Government could tell us what measures have been taken to brief provincial elected representatives on that trade agreement?

Hon. Lowell Murray (Leader of the Government): Honourable senators, I must confess that I do not really know the answer to that question. During the free trade negotiations with the United States there were perhaps a dozen meetings at the first ministers level, occasional meetings at the ministerial level and quite freguent meetings, many of them conducted by conference call and the like, among officials.

Senator Frith: The provinces were much noisier about the whole thing then.

Senator Murray: I am aware that there have been ministerial meetings on this matter and some official contact but I would have to enquire to see whether there is a schedule of meetings planned on these negotiations. Meanwhile, I should also point out that what we call the SAGITs, the Sectoral Advisory Committees are, I think, in place and the private sector consultations are ongoing.

Senator Marsden: Honourable senators, I would be grateful if the Leader of the Government would provide us with whatever schedule of briefings there is, including those briefings that have already taken place and, in particular, if we could know what opportunity provincial governments have had to put items on the agenda.

Senator Murray: Yes.

[*Translation*]

CONSTITUTIONAL CONFERENCES

ACCESSIBILITY TO FRANCOPHONES OUTSIDE QUEBEC

Hon. L. Norbert Thériault: Honourable senators, my question is for the Leader of the Government in the Senate.

It arises from the fact mentioned by Senator Corbin at the beginning of today's sitting. I raise it because I saw a headline in Montreal's *La Presse* dated today saying that Mr. Bouchard rebuffed the Francophones outside Quebec.

Would the Leader of the Government in the Senate find out from his colleague Mr. Bouchard why he snubbed Francophones outside Quebec?

Hon. Lowell Murray (Leader of the Government in the Senate): Honourable senators, I can not comment on a newspaper article, but I will be pleased to consult my colleague Mr. Bouchard for clarification on this matter.

[Senator Lavoie-Roux.]

Senator Thériault: Honourable senators, I appreciate the answer given by the Leader of the Government in the Senate.

As Francophones outside Quebec, we have had to fight for our rights from the very beginning, especially because many Anglophones in Canada do not know what our people needs.

Apparently, to be recognized, one must be a people! In Acadia, we believe that we are a people. Now it is no longer Anglophones who cause us problems but rather Quebec's new elite.

Hon. Jean-Maurice Simard: Honourable senators, I cannot let that comment by Senator Thériault pass so easily.

I can tell you that I for one was shocked when I saw the headline of that article which spoke of "rebuff". That is not the word Mr. Bouchard used, obviously.

After I got over my momentary shock, honourable senators, I can tell you that I prefer to remember Benoît Bouchard's major contribution in resolving several Acadian issues in favour of the French-speaking minority, although Mr. Bouchard's inapt choice of words in this case is unfortunate—

Senator Thériault: By what authority is Senator Simard answering my question?

Senator Simard: Yes, I am answering your question.

Senator Thériault: By what authority?

Senator Simard: Well, go ahead and ask whatever you like, but let me decide what I want to say and how long my answer will be.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, I let Senator Simard proceed, although it is entirely against the *Rules of the Senate*.

A question was directed to the Leader of the Government, who is the only person who may entertain such questions, unless we are talking about a chairman of a committee. Those are the Senate rules.

However, Mr. Speaker, if you are prepared to let Senator Simard speak, I have no objection, but I can assure you we will do likewise.

Hon. Jacques Hébert: No respect for the *Rules of the Senate*!

Senator Simard: I noted your objection.

Hon. Royce Frith (Leader of the Opposition): Senator Simard, we all did!

• (1450)

[*English*]

NORTH AMERICAN FREE TRADE AGREEMENT

BRIEFINGS FOR SENATORS—GOVERNMENT POLICY

Hon. M. Lorne Bonnell: I understand, honourable senators, that we have a new Leader of the Government. Senator Simard is now answering questions on behalf of the government and we congratulate him on that promotion.

Hon. Senators: Hear, hear!

Senator Bonnell: Now I don't know whom I should direct my question to.

Senator Simard: You have a question?

Senator Bonnell: I have a question.

Senator Simard: We are taking notes.

Senator Bonnell: I am not making a speech, although some senators try to have a debate in the middle of Question Period in order to use up our time.

In the proposed free trade agreement between Mexico and Canada—and I don't know if the United States is still in it or whether it is the hamburger in the sandwich between Canada and Mexico, because President Bush is no longer talking in the way he is supposed to do at these great conferences.

I understand that the Canadian Chamber of Commerce has been given a briefing. We in the Senate of Canada, the senior house of Parliament of this nation, have not been given a briefing. I was wondering if officials might come before the Senate and give us a briefing. We could invite them into a Committee of the Whole and, if necessary, have a closed-door hearing so that neither the press nor anyone else could hear the secret, whatever it is, that they do not want the public of Canada to know. At least they might be able to advise us, the representatives of this nation in the Upper House.

Could we expect such a briefing from the Government of Canada concerning this free trade agreement?

Hon. Lowell Murray (Leader of the Government): Honourable senators, I will take under advisement the question of the honourable senator, and the apparent desire of honourable senators opposite to obtain more information on these negotiations. I will consult with my cabinet colleague Mr. Wilson on that matter.

Meanwhile, I assure the honourable senator that Parliament will have the opportunity, as it did in the case of the free trade agreement with the United States, to review and debate the legislation implementing any North American free trade agreement that is arrived at.

Senator Bonnell: Thank you, honourable senator. In years gone by, when I first became involved in politics, the government always informed the legislature of what it was doing before it informed the Chamber of Commerce. The government used to make announcements in the legislature. certainly, the Parliament of Canada should be told first, but now the Chamber of Commerce is told first, the representatives of the country are told next, and the people of the country come last of all.

THE CONSTITUTION

ADVISABILITY OF NATIONAL REFERENDUM

Hon. M. Lorne Bonnell: Let me ask another question. I noticed that, yesterday, the Prime Minister told us how pleased he was with the referendum that took place in South Africa. Because of that referendum, has the Prime Minister now realized what a great tool it is for getting the public opinion of a country? Is he prepared to have a referendum in Canada concerning the Constitution?

Hon. Lowell Murray (Leader of the Government): Honourable senators, I am not sure that the history of our country would bear out the assertion that the honourable senator has made. All I can tell him is that in the last Speech from the Throne the government undertook to consult the public on constitutional matters. This has been done through the Spicer Commission, the Beaudoin-Edwards Committee and the Beaudoin-Dobbie Committee. I do not exclude the possibility that there will be other consultations of various kinds before the matter is resolved.

We have never excluded the possibility of a national plebiscite or referendum.

Senator Bonnell: I understand. In other words, honourable senators, we thought we could cross our "t"s and dot our "i"s any way we liked. When the honourable senator was the minister responsible for federal-provincial relations, we could not cross "t"s or dot "i"s or change anything. We had a seamless web. Apparently it is not a seamless web any more. We might some day have a referendum on the Constitution so that the people of Canada can be informed of things before the Chamber of Commerce.

REPUBLIC OF SOUTH AFRICA

NATIONAL REFERENDUM—REMOVAL OF TRADE EMBARGO—GOVERNMENT POSITION

Hon. M. Lorne Bonnell: Let me ask a further question concerning the referendum in South Africa. Since the referendum went so strongly for the "yes" vote, has the Government of Canada given any consideration to removing the trade embargo against South Africa so that we can perhaps sell the Canadian goods we are losing our export markets for in the rest of world?

Hon. Lowell Murray (Leader of the Government): Honourable senators, that matter is now under consideration.

Senator Bonnell: By whom? By senator Simard or yourself?

Senator Frith: Senator Simard is duly taking notes.

JUSTICE

CANCELLATION OF COURT CHALLENGES PROGRAM—GOVERNMENT POSITION

Hon. Dalia Wood: Honourable senators, I have a question for the Leader of the Government in the Senate.

The President of Treasury Board has eliminated a vital program, the Court Challenges Program. The abolition of the program will affect hundreds of groups and individuals who have already started a challenge at the trial level. What will happen to trials that are either at the appeal stage or otherwise? Will the government fund them right to the end?

Hon. Lowell Murray (Leader of the Government): Honourable senators, I do not what the arrangements are in those

cases that are already before the courts, but I shall ask for a definitive reply for my colleague.

GENERAL AGREEMENT ON TARIFFS AND TRADE

MEETINGS OF HEADS OF STATE—EXCLUSION OF CANADA

Hon. H.A. Olson: I would like to ask one question. Could the Leader of the Government give us a progress report on how the Chancellor of Germany and the President of the United States are conducting our international trade negotiations?

Hon. Lowell Murray (Leader of the Government): Honourable senators, I have not seen any communiqué—perhaps my honourable friend has—from that meeting between the Chancellor of Germany and the President of the United States. Those two national leaders are having a bilateral conference, as is their habit, as is their right, as we Canadians do ourselves with our trading partners. More power to them. I hope they can make some progress, not only on bilateral but on multilateral issues. I simply hope that the honourable senator will be able to put aside his unbecoming paranoia about this matter.

Senator Olson: My paranoia is related somewhat to the seriousness of the problems involved. It is not an ordinary meeting. It is a meeting that they have set aside to substitute for a multinational meeting that was taking place in Geneva at which all 109 countries had a right to be at the table and to state their positions.

What troubled me yesterday was that the Leader of the Government indicated that that was quite all right with this government. We could withdraw and let those two negotiators decide what the trading negotiations for Canada were going to be.

If that is the position of the government, then we have abdicated our responsibility in favour of the leaders of those two nations. However, I can tell you this: Article XI will never survive because both of those negotiators are opposed to it. Is that what we intend to do with the position we have taken respecting Article XI?

• (1500)

Senator Murray: I am sure the honourable senator hopes Article XI will not survive, but we are doing everything possible to ensure that it does survive and, indeed, that it is strengthened and clarified. It is simply incredible that the honourable senator should object to the fact that the Chancellor of Germany and the President of the United States are meeting to discuss a range of bilateral and, of course, multilateral issues, near the top of which would be the Uruguay Round. We are at the table with some hundred other countries.

Senator Olson: Are you at the table at those meetings?

Senator Murray: Let me finish. We are at the table at Geneva with some hundred other countries in a very important multilateral negotiation. We have discussed the issues bilaterally with just about all of our major trading partners. I have told the honourable senator in another connection on several occasions how the Prime Minister of Canada has been in touch with President Bush, with Chancellor Kohl, with Prime Minister Major, with President Mitterand, with the Italian government, with the Japanese, with the European Community. These are all bilateral discussions between our Prime Minister, our ministers and officials, and theirs. They concern the issues that are at stake at the multilateral negotiations. What in the world is wrong with that? That is the way business is done in the world. The honourable senator knows that. I cannot understand why he is abusing the time of the Senate to raise these false fears.

Senator Olson: Honourable senators, I have just one more supplementary question. I would tell the Leader of the Government that there is no false illusion about the pain and the suffering and the financial devastation that is going on in the grain sector of western Canada. If the Government of Canada has not received that message yet, it is my duty to be sure that I bring it to the attention of the Leader of the Government every single day that we meet. I have been trying to do that. So far, you have responded with absolute and abject failure on Canada's part in trying to negotiate the deal so we can get out of this mess. If you do not think it is serious, that is up to you.

I will tell you that your government is down to about 6 per cent support in Alberta, primarily because of this issue. I intend to get up on my feet and ask you about this matter every time that I can to convey to you at least the seriousness of this situation. It keeps getting worse.

What I am asking is: How long do you think those people can survive? You get up and you say, "Well, we sent some money in 1985 and 1986." That happens to be six or seven years ago. They have had no net income since that time because of the failure of this government to carry Canada's representations successfully into the GATT negotiations. If that does not impress the minister as to why I am asking these questions, then I simply do not understand what does.

Senator Murray: Well, first of all, the honourable senator was talking about Article XI. That is an area where we are—

Senator Olson: Article XI is linked with what I was talking about. It relates to farm subsidies.

Senator Murray: That is correct. First of all, the honourable senator was talking about Article XI, where we still are attempting to obtain strengthening and clarification and where the Dunkel text, for example, is not acceptable. Now the honourable senator is talking about the prairie grain economy, and I very much regret that what he is saying is that the Dunkel text is a failure so far as the prairie grain economy is concerned. I think that is not the impression that many in the prairie grain sector have. That is not an opinion that is shared by many. I think you would find that many people in the prairie grain sector are of the view that the Dunkel text would represent real progress in terms of their interests.

Senator Olson: I would just like to advise the minister—and he should know this without me having to tell him—that there are a lot of people in the prairie grain sector who believe that this government is pitting one against the other, and that

Europe and the United States are negotiating on the basis that if we do not give on Article XI with respect to all that is involved there, then they will not withdraw the export subsidies that seriously affect the prairie grain economy. If the minister is now standing up and saying that there is no relationship between the two, then everyone who has been a participant in those meetings has received the wrong impression except him.

All I am asking is, are you taking this seriously? You can only survive so long. The end has come when the bank closes on you. You know that your government's monetary policy exacerbates that situation. Every time the dollar goes down a little bit, you move in and wreck that too. I am just asking if you intend to take the plight of these farmers seriously and start to do something constructive about it.

Senator Murray: Honourable senators, what I tried to—

The Hon. the Speaker: Before the Leader of the Government answers, I must point out that the 30 minutes of Question Period are up.

Senator Murray: Honourable senators, I presume that the declaration of the honourable senator is a confirmation that, so far as the measures that directly impact the western grain economy are concerned, he finds the Dunkel proposals acceptable.

Senator Olson: You don't need to presume that.

Senator Murray: Then he would reject them?

Senator Olson: I neither reject nor accept that. What I am rejecting is the attitude of this government at the meetings. They have failed.

Senator Murray: Make up your mind. Come on.

The Hon. the Speaker: Delayed Answers.

Hon. M. Lorne Bonnell: Honourable senators, before the Delayed Answers, I would like to take a few moments to congratulate the government.

Some Hon. Senators: For what?

Senator Bonnell: Isn't that interesting. For what? I had to do a lot of digging, and I don't know whether—

An Hon. Senator: Is Question Period over, or isn't it?

Senator Bonnell: This is not a question. It is a compliment. You are about to get a compliment. Listen to me. The government—

The Hon. the Speaker: Question Period is of 30 minutes duration, and we have finished.

Senator Bonnell: I don't want to ask a question. I want to give them an answer instead.

The Hon. the Speaker: I think you—

Senator Bonnell: Answer Period. It is now Answer Period. That's what we're in.

The Hon. the Speaker: You are out of order, Senator Bonnell. I called Delayed Answers. There are no Delayed Answers. Orders of the Day.

AERONAUTICS ACT

BILL TO AMEND—THIRD READING

Hon. Lowell Murray (Leader of the Government): Honourable senators, I move the third reading of Bill C-5, to amend the Aeronautics Act and to amend An Act to amend the Aeronautics Act.

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

Senator Frith: Does anyone intend to speak to the bill?

Hon. M. Lorne. Bonnell: I want to speak to it. This is third reading of a bill, isn't it? It is debatable.

Honourable senators, Question Period is now over.

An Hon. Senator: We are on the bill.

Senator Bonnell: There is a motion before the House. The motion is debatable. Is that right?

Senator Frith: That is right.

Senator Bonnell: Or is that, like Question Period, out of order ?

Senator Barootes: Tell us about the fixed link to P.E.I.

Senator Bonnell: You are out of order.

Honourable senators, consideration of this bill is a serious matter— especially after the earlier debates in the Senate today concerning what happened in Internal Economy relating to the reasons why the Debates were not printed, and so forth.

However, I want to say that things are not all bad, because Senator Murray yesterday heard a great speech from our good friend Senator Corbin about how our French quartet, the only one from New Brunswick, was taken off the CBC programming and could not get on that great national program *The National Doubt* nor the program scheduled to celebrate Canada's 125th anniversary. Within 24 hours, he had the CBC change the decision, get that French ensemble from New Brunswick back into the television station in time to go on tonight so we that can all watch that program for ninety minutes.

• (1510)

Also, the bilingual program from New Brunswick will now be broadcast on CBC because of Senator Murray's strong action and because Senator Simard brought that matter before the Senate today. Perhaps it is because Senator Simard is now in the cabinet and is answering the questions. That is all I have to say on that motion.

Hon. Royce Frith (Leader of the Opposition): The Opposition supports this bill as it did in the other place. I just want to put on the record that there have been some reservations expressed, I think, on all sides, about whether or not the same

degree of attention that is given to improving the environmental and other aspects of airport activity should also be given to trying to divert air traffic from overcrowded airports, such as Pearson, to other areas. This legislation is a step in the right direction as far as organizing and mitigating some of the unsatisfactory aspects of airport activity, but there still remains a lot to be done.

The Hon. the Speaker: Honourable senators, it is moved by the Honourable Senator Murray, seconded by the Honourable Senator MacDonald, that this bill be read a third time now. Is it your pleasure, honourable senators, to adopt the motion?

Motion agreed to and bill read third time and passed.

AIRPORT TRANSFER (MISCELLANEOUS MATTERS) BILL

THIRD READING

On the Order:

> Resuming the debate on the motion of the Honourable Senator Grimard, seconded by the Honourable Senator Lavoie-Roux, for the third reading of Bill C-15, An Act to provide for certain matters respecting official languages, employees' pensions and labour relations in connection with the transfer of certain airports.

Hon. B. Alasdair Senator Graham: Honourable senators, I want to make a few observations arising out of comments made by the Minister of State for Transport when she appeared before the Standing Senate Committee on Transport and Communications at the time that the committee was considering its final report with respect to Bill C-15. The bill, of course, relates to the transfer of certain airports.

I want to clarify some of the issues which arose during the Minister's testimony. I refer to Transport and Communications issue number 4, page 17, November 27, 1991. In order to put it in the proper context, I have to quote myself:

> **Senator Graham:** It scares me that the government is handing over all this authority to the LAAs [the local airport authorities] to negotiate with an airline the landing fees at a particular airport over which they have control. The ramifications of that are immense.
>
> **Mrs. Martin:** Can you give me an example of the ramifications you see?
>
> **Senator Graham:** The ramifications are that airlines could be priced out of the market. The cost in a particular region of the country could sky-rocket, and ordinary people, in the extreme situation, might not be able to travel because the cost would become prohibitive. It is tough enough now to travel. I may be wrong and it may be that the government will retain some regulatory control in this respect to keep a cap on it, or perhaps it will monitor the situation, but you have not said that.
>
> **Mrs. Martin:** . . . this is not unique to Canada. Landing fees are set outside Canada.

[Senator Frith.]

Well, the fact of the matter, honourable senators, is that landing fees are not set outside Canada. The ICAO, the International Civil Aviation Authority, states only that if landing fees are introduced, they should reflect and be related to the costs of those services; no more, no less. The Minister is not being properly informed if, to use her words again, landing fees are set outside Canada. It is my understanding that landing fees are essentially within the control of the Government of Canada.

We also had a brief discussion relating to the government's proposed cost recovery program. I refer you again to issue number 4, page 18, of November 27. Again I am quoting myself here to put it in the proper context:

> **Senator Graham:** Again, minister, with the greatest of respect, one of the reasons we have governments and regulations is to protect the people. When the people suffer from the market system, if it is out of control, then the country suffers. We have seen examples of that over many years. That frightens me, Madam Minister.
>
> I have heard, Mr. Chairman, of the possibility of landing fees at some airports in regions of the country going up by as much as 25 per cent or 35 per cent. I have also heard that landing fees in other airports will not go up at all, or perhaps only marginally.
>
> **Mrs. Martin:** In what areas of country would they go up 35 per cent and 25 per cent? Who is saying this is what will happen?
>
> **Senator Graham:** Some published reports have identified, for example, Halifax, as one of the areas.
>
> **Mrs. Martin:** Do you know where these reports were published? I would like to get a copy of them . . .

Just as a sample of the kind of copy that Mrs. Martin was asking for: From the "Yarmouth Vanguard, The Voice of South Western Nova Scotia", dated October 23, 1990, the headline is "Transport Canada's user fees endangering future of Air Nova." It quotes the director of marketing for Air Nova, Bruce MacLellan, in a speech in Yarmouth as saying:

> [He] warned a disproportionately large percentage of the costs will be borne by regional carriers in the prairies, B.C., and Atlantic Canada, and the flights that will be hurt the most are going to be the short haul flights, like the ones operating between Yarmouth and Halifax.

Again from the Fredericton "Daily Gleaner" of Saturday, October 27, 1990, the headline is, "Airline Ticket Prices May Go Up 27 Per Cent". I quote from the first paragraph:

> When combined with the new federal Goods and Services Tax which starts in January, 1991, a proposed increase by Transport Canada of airport service fees paid by airlines could drive up ticket prices by as much as 27 per cent, says the Air Atlantic comptroller Charles Cook.

From the *Globe and Mail* of October 26, 1990, the headline, is "Air Carriers balk at hike in airport fees", and I quote from the story, dateline St. John's, Newfoundland:

Transport Canada's plan to increase airport user fees for airlines will hit Atlantic Canada hardest, forcing up ticket prices and threatening service to the region, say officials of Air Nova, a big Atlantic carrier.

"It's without question a serious threat to the viability of our operation,

spokeswoman Mary Keith said yesterday.

It's cheaper for us to fly out of Vancouver or Toronto than it is in Atlantic Canada.

The proposed increase in user fees, part of a cost-recovery program that Ottawa wants to implement . . . would make landings in eastern Canada more expensive than anywhere else in the country, Ms. Keith said.

Those costs would total about $1 million for Air Nova next year [1991] and would be passed on to consumers, she added.

In a letter to federal MPs, marketing director Bruce MacLellan said the recovery plan would eventually make Halifax the most expensive of nine major Canadian airports, including those in Toronto, Montreal, and Vancouver.

Landing a Boeing 747 in Halifax would cost about $2,676 compared with $616 in Toronto, while a Dash-8 landing in Halifax would cost $121.60 compared with $37.60 in Vancouver, Mr. MacLellan said.

Other Atlantic centres such as St. John's, Fredericton and Charlottetown would likely be more expensive than Halifax. Smaller regional planes will see higher increases than larger jets.

That would have a very direct effect on my home airport of Sydney, Nova Scotia, because, according to cost projections by Air Nova, under full implementation, and this is with respect to landing fees only, the cost per metric tonne for a Dash-8 aircraft landing in Sydney would go up six times, for Halifax four times, for Yarmouth five times, for Fredericton six times, for St. John five times, in Moncton six times, in Deer Lake, Newfoundland, five times, in Gander and Goose Bay by four times.

● (1520)

I bring that to your attention, honourable senators, as sort of a private pre-study that I have been doing with respect to possible legislation which would have adverse effects on the regions of the country.

I want to quote briefly from an editorial in the Halifax Chronicle-Herald of May 10, 1991, entitled, "User fees can kill service":

To increase revenues and make airports more self sufficient, Transport Canada has proposed increases in user fees and new taxes . . . .

The traveller by air already is paying a hefty airport tax on top of his ticket cost.

If the price is further hiked to cover higher charges against the carriers for airport use, it will be surprising if the number of those travelling does not decrease.

That will encourage the airlines to withdraw services from smaller centres where a cost effective operation is not possible and that, in turn, would be most regrettable in Atlantic Canada where geographical factors make travel by air so desirable.

Finally, honourable senators, I want to refer to comments made by the minister which indicated her perception of the Halifax International Airport. Again, I refer you to page 18 of Issue 4 where Minister Martin said:

Halifax will not be in a position where it will be competing with Toronto, New York or some place else. It is providing local service within the Halifax area.

That is the kind of comment that boggles the mind. It is the kind of comment and lack of understanding that drives us in the regions of the country bananas. I am sure that such a statement would raise the eyebrows of members of the Halifax Board of Trade and similar organizations in Nova Scotia and would, indeed, I believe, raise the eyebrows of officials in Transport Canada.

Even the management of the Halifax International Airport would greet that statement with keen astonishment and astounded amazement.

I have some statistics which indicate the level of activity at the Halifax International Airport with respect to itinerant aircraft movements. They indicate that in 1990 there were 1,700 transborder movements. In the same year there were 500 of what they call overseas movements. The projection for overseas movements for 1993 is 600. The projection for 1995 is 700.

I inquired of the Ministry of Transport what it was doing with respect to promoting Halifax as an international airport. I refer briefly to a letter which was received in my office from John Spinks, the director of marketing for Transport Canada, dated December 12, 1991. It says:

Reference your recent inquiries with Halifax International Airport concerning development of new international/transborder services, we are pleased to attach hereto an outline of a Gateway Marketing Program which we hope to have in place early in the new year.

I am going to quote a couple of paragraphs from that statement from Transport Canada. It reads:

Officials at the Halifax International Airport have been discussing with representatives of the Province of Nova Scotia and the Halifax-Dartmouth Port Development Commission the possibility of establishing a joint gateway marketing program for Halifax International Airport.

Gateway programs are aimed at enhancing an airport's role as a gateway to a region, country or continent for international or transborder traffic.

The focus of a gateway program is to expand or improve an airport's commercial air services to or from foreign countries.

Honourable senators, Halifax wants to compete with Bangor. It wants to compete with Boston and New York. It

even wants to compete with Montreal and Toronto. Indeed, it wants to be the Vancouver of the Atlantic coast.

As a footnote, I had the honour, in 1972, of cutting the ribbon on behalf of the Government of Canada for the major new addition at the Halifax International Airport. Even at that time there were great prognostications about the future of Halifax as an international airport.

No one in the regions of the country wants to opt out of the responsibility of paying our way. All we want is for the system to be fair and equitable and for all regions of the country to have an equal opportunity to develop. That is exactly what section 36 of the *Constitution Act, 1982,* is all about. For your edification I would like to close by quoting Part III, section 36 (1) with respect to equalization and regional disparities:

> Without altering the legislative authority of Parliament or of the provincial legislatures, or 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 provincial governments, are committed to
>
> (a) promoting equal opportunities for the well-being of Canadians;
>
> (b) furthering economic development to reduce disparity in opportunities; and
>
> (c) providing essential public services of reasonable quality to all Canadians.

That is all we ask, honourable senators.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, this week the Senate has missed a marvellous opportunity to stand for principle instead of political expediency. We have before us a bill which, for absolutely non-partisan reasons, we had every reason to return to the House of Commons. That advice came to us from an independent government official responsible to Parliament, the Commissioner of Official Languages.

The Senate had an opportunity to show the independence which it ought to have, an opportunity to do something for the good of Canada, and we missed that opportunity.

[*Translation*]

I am even more disappointed with the position taken by my French-speaking colleagues, except for Senator Simard and Senator Bélisle, and particularly with my colleagues from Quebec who maybe do not need the Official Languages Act as much as we do.

Its one thing for you to chose to ignore those of us from outside Quebec who have been fighting for a long time through serious hardship, but for you to vote against something vital for us is something else altogether; it is disastrous.

Those of you on the other side who believe in the Official Languages Act, if you do believe, how can you act in such a way?

You know that you will have nothing to say if we, the people from outside Quebec, adopt as our motto the one we see on your licence plates: "I remember". This being said—

[*English*]

I do not agree with this bill in any case. This is a further attempt by the government to dismantle systems in Canada which are necessary in Canada. We are not the United States—either in tradition, in business concepts, in geography or in economic problems.

• (1530)

We are a linear country with small outlying pockets of population and one big pocket in central Canada. We cannot expect to run things in this country the same way as the Americans do. That is the reason that Canada over the years has had government involvement. We have said we simply cannot operate the same way as the Americans; we simply cannot operate in a pure market economy.

With this bill we will have more Americanization and more damage to the weaker regions, such as the Maritimes and the region of Manitoba and Saskatchewan. Once again, this is only to the advantage of the big provinces.

[*Translation*]

I sit down, but I won't forget.

[*English*]

Some Hon. Senators: Hear, hear!

The Hon. the Speaker: Honourable senators, it is moved by the Honourable Senator Grimard, seconded by the Honourable Senator Lavoie-Roux, that Bill C-15 be read the third time.

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 "yeas" have it.

And two honourable senators having risen.

The Hon. the Speaker: Please call in the senators.

The Hon. the Speaker: Let the doors to the chamber be locked.

Motion agreed to and bill read third time and passed, on the following division.

YEAS

THE HONOURABLE SENATORS

Atkins	MacDonald
Barootes	(*Halifax*)
Beaudoin	Macquarrie
Bolduc	Marshall
Cochrane	Meighen
Cogger	Murray
Comeau	Nurgitz
David	Oliver
DeWare	Ottenheimer
Di Nino	Poitras
Doody	Robertson
Doyle	Roblin
Grimard	Rossiter
Johnson	Simard
Kelly	Spivak
Kinsella	Sylvain
Lavoie-Roux	Teed
Lynch-Staunton	Tremblay—35

NAYS

THE HONOURABLE SENATORS

Adams	Lefebvre
Bonnell	Lewis
Corbin	MacEachen
De Bané	Marchand
Fairbairn	Marsden
Frith	Molgat
Graham	Neiman
Haidasz	Olson
Hastings	Petten
Hays	Thériault
Hébert	Watt—23
Kenny	

ABSTENTIONS

THE HONOURABLE SENATORS

Nil

The Hon. the Speaker: Let the doors be opened.

ROYAL ASSENT

NOTICE

The Hon. the Speaker informed the Senate that the following communication had been received:

RIDEAU HALL
OTTAWA

19 March, 1992

Mr. Speaker,

I have the honour to inform you that the Honourable Charles D. Gonthier, Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, will proceed to the Senate Chamber today, the 19th day of March, 1992, at 4.00 p.m., for the purpose of giving Royal Assent to certain bills.

Yours sincerely,

JUDITH A. LAROCQUE
Secretary to the Governor General

The Honourable
The Speaker of the Senate
Ottawa

MOTOR VEHICLE SAFETY BILL

SECOND READING—DEBATE ADJOURNED

Hon. Donald H. Oliver moved the second reading of Bill S-8, to regulate the manufacture and importation of motor vehicles and motor vehicle equipment to reduce the risk of death, injury and damage to property and the environment.

He said: Honourable senators, I am pleased to open second reading debate on Bill S-8, to amend the Motor Vehicle Safety Act and repeal the Motor Vehicle Tire Safety Act.

The two laws which regulate vehicle and tire design and construction have contributed significantly to reducing highway accidents, injuries and deaths on Canada's highways. The bill that I am tabling today incorporates the *Motor Vehicle Tire Safety Act* into an updated Motor Vehicle Safety Act.

The bill reflects the experience of administering these two acts for more than 20 years. It makes 21 changes and addresses such current issues as motor vehicle emission standards, child restraint safety and the importation of vehicles from the United States. In short, honourable senators, this bill makes miscellaneous clarifications and updates of existing authority in response to legal advice and comments from the Standing Joint Committee on the Scrutiny of Regulations.

Improved safety standards have contributed to a reduction in traffic deaths in Canada from a peak of nearly 7,000 in 1973 to below 4,000 for the first time since 1962. This is particularly noteworthy considering that vehicle registrations in Canada have doubled since 1973 to nearly 17 million.

The changes provided for in this bill will ensure the continued efficient regulation of the Canadian and international automobile industries. The bill will also enable the most stringent national emission standards in the world to be introduced in parallel with that of the United States as part of a coordinated North American air quality initiative.

The *Motor Vehicle Safety Act* is being fine tuned to ensure that international vehicle manufacturers provide Canadians with the safest, most environmentally-friendly vehicles. Improved transportation safety and emission controls are vital for Canada's well-being during the 1990s and beyond. And a

competitive vehicle industry and transportation system depends upon effective and timely regulations.

Both acts establish a "notice-of-defect" requirement for safety defects. Each year, automobile and tire manufacturers conduct some 150 notice-of-defect campaigns in Canada, which involve one million vehicle recalls. Many defects are found in production and are corrected before any serious damage occurs. Other campaigns result from investigations by Transport Canada inspectors.

The bill contains mostly detailed amendments, which I have already referred to, that maintain the intent and functions of the existing acts. The changes will clarify industry's needs to keep records and the right of Transport Canada safety inspectors to access information, including documents that could be useful to the investigation of alleged safety defects. These provisions will contribute to increased efficiency of Transport Canada's monitoring and enforcement programs.

One of the key initiatives is new authority for Transport Canada to regulate safety standards for vehicle child restraint safety devices. With the concurrence of the Minister of Consumer and Corporate Affairs, Transport Canada will take full responsibility for child restraint safety standards.

Manufacturers of child restraint systems will be required, under the legislation's notice-of-defect provisions, to establish an owner's registration system for child restraints. This will help manufacturers to identify and contact owners who have defective units.

Clearly, the automotive industry has gone through major changes since 1970, when the *Motor Vehicle Safety Act* was first introduced. Approximately 22 years ago four domestic companies dominated sales in Canada. The original act was aimed at those domestic manufacturers while making parallel provisions for vehicle importation, which was a relatively unimportant issue at that time. Today, however, there are more important players in the auto industry, including big companies from the far east and Europe. Some of these automakers even have plants in Canada and are supplying a large number of vehicles to Canadian consumers.

In addition to Canada, the Canada-U.S. Free Trade Agreement includes a phased-in lowering of customs barriers to the benefit of commercial and private consumers and Canadian industry. The bill I am presenting responds to these changes by making the regulatory process more efficient as it affects the evolving auto-manufacturing industry and consumers.

A major aspect of the changes contained in the bill deals with the procedural matters especially in the development of complex technical standards for the dynamic and highly-technological auto industry.

I would like to emphasize, honourable senators, that the best safety and emission control designs and devices will be incorporated into Canadian vehicles as soon as practicable. I would also like to reassure the automotive industry that the proposed new safety and emission regulations will in no way impede continued competitiveness. Four-fifths of all vehicles made in Canada are exported to the United States, and vehicle retail sales take place on either side of the border.

The bill addresses all companies in the same way, whether they manufacture or import vehicles. It also provides mechanisms for adopting standards of the U.S. or other countries with a minimum of delay—a particularly important feature for Canadian manufacturers who build for both U.S. and Canadian markets.

With respect to the importation of U.S. used cars into Canada, the bill provides authority to regulate the safety of such vehicles so that they meet Canadian standards—for example, by installing additional equipment such as daytime running lights—before they are registered for use in Canada.

I have touched on some of the safety provisions in this bill. As I mentioned earlier, the bill also has an environmental protection commitment. Canada is fortunate to have relatively clean air available to most of its population. We do, however, have some urban smog and we share full responsibility for some of the world's air quality problems.

Just as road transportation is vital to our prosperity and competitiveness, so too must the vehicles we make and import be as clean as possible. Vehicle emission control, therefore, is a central part of Canada's "green" environmental protection strategy. The bill contains several measures aimed specifically at ensuring cleaner air for Canada. First, there is authority to recognize U.S. and other government certification-of-vehicle standards which will cut the requlatory burden and costs to industry, a provision which is consistent with the commitment made by this government in the recent budget.

Secondly, the bill provides for a phased-in system of standards and credits which provides Canadian industry with the same flexibility in planning emission compliance as that in the U.S. The bill and its modifications are strongly complementary to the government's green plan. There should be no direct costs either to major international companies or to smaller manufacturers. Any costs that do result from this bill will result from new or improved safety or emission devices that are justified by the benefits they will provide.

In conclusion, honourable senators, the amendments to the *Motor Vehicle Safety Act* contained in this bill will benefit safety in many ways. They will also benefit industry, trade and competitiveness by making regulations more flexible and responsive, and they will also contribute to the government's protection agenda under the green plan. I look forward to discussion of this important legislation which will be of benefit to us all. Its speedy passage will enable Transport Canada to continue its road and motor vehicle safety programs in the most efficient and effective manner.

On motion of Senator Graham, debate adjourned.

The Senate adjourned during pleasure.

ROYAL ASSENT

The Honourable Charles D. Gonthier, Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy 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 Deputy Speaker, the Honourable Deputy Governor General was pleased to give Royal Assent to the following bills:

An Act to amend the Aeronautics Act and to amend An Act to amend the Aeronautics Act (*Bill C-5, Chapter 4, 1992*).

An Act to provide for certain matters respecting official languages, employees' pensions and labour relations in connection with the transfer of certain airports (*Bill C-15, Chapter 5, 1992*).

● (1600)

The sitting of the Senate was resumed.

BUSINESS OF THE SENATE

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, may I suggest that all remaining orders, motions and inquiries be allowed to stand, although I understand Senator Hébert may have a motion.

[*Translation*]

SOCIAL AFFAIRS, SCIENCE AND TECHNOLOGY

CHANGE IN COMMITTEE MEMBERSHIP

Hon. Jacques Hébert: With leave of the Senate and notwithstanding rule 59(1)(*i*), I move that the name of the Honourable Senator Neiman be added to the list of senators nominated to serve on the Standing Senate Committee on Social Affairs, Science and Technology.

Motion agreed to.

THE SENATE

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): We do not have any problem with the suggestion of the Honourable Senator Lynch-Staunton, as long as motions are allowed to stand in the same order. We will not lose one day of debate, will we?

[*English*]

Hon. John Lynch-Staunton: Honourable senators, we agreed to that proposition yesterday, and we certainly agree to it today. However, we would not want it to be considered a precedent. Let's do it for at least two days and look at it again.

Senator Molgat: I will rise on every occasion that we do it. It is simply for the protection of honourable senators who have motions or inquiries and who would find thus themselves with one less day of debate.

Senator Frith: The big black 15 facing them!

The Senate adjourned until Tuesday, March 24, 1992, at 2 p.m.

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THE SENATE

Tuesday, March 24, 1992

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

Prayers.

SENATORS' STATEMENTS

GENERAL ELECTION

NUMBER OF DAYS LEFT IN CURRENT TERM

Hon. Royce Frith (Leader of the Opposition): Honourable senators, the chronological application of Senator Murray's test for a government is as follows: To apply his test to a government that respects democracy, Canadians will cast their ballots within 242 days, but a government that meets his test of being cowardly and contemptuous of democracy still has another 628 days.

Senator Thériault: Too long; too long.

REPUBLIC OF SOUTH AFRICA

NATIONAL REFERENDUM—COMMENDATION

Hon. Raymond J. Perrault: Honourable senators, a number of years ago, I served as Canadian Parliamentary representative to the Special Committee of the United Nations. In that capacity, I set forth Canadian policy on South Africa and our nation's condemnation of apartheid.

Recently, on my own initiative, I made a private visit to South Africa. While there and without any restrictions, I met with a wide cross-section of the South African community. Individuals I met included representatives of almost all of South Africa's political parties, academic leaders, church representatives, politicians, blacks, whites, and coloureds.

The sea change under way in South Africa is awesome. The consensus from all sides suggests that South Africa is moving inexorably towards adoption of a modern, multi-racial, democratic constitution. Despite the formidable challenges ahead, there is a fundamental optimism shared by blacks and whites alike that the task will be accomplished. All of us should welcome these dramatic and positive developments in South Africa and the beneficial implications that they have for the future of all of Africa, and indeed for the world.

The recent referendum has provided ample evidence that most white South Africans welcome change, and that a solid majority want to put behind them the years of racial separation, discrimination and apartheid. Building a new multi-racial, democratic constitution will not be an easy task. Indeed, Canadians are aware of just how difficult constitution-building can be. One suspects, however, that ultimately, both in South Africa and in Canada, the common sense of the moderates will prevail as both of our countries seek to rebuild their constitutions.

South Africa is a complex society but the good will is there. On all sides—business, the universities, the churches, the political parties—one theme is repeated again and again: We can build a new South Africa and we intend to do it. Should South Africa be successful in its efforts to establish a democratic, multi-racial form of government, that nation could be a powerful force for good in the effort to bring economic health and prosperity to all of Africa. Indeed, there will be clear economic benefits for Canada when relationships between our two countries have been normalized.

I want to pause and say I think that, by and large, the current government has done a good job with respect to South Africa, just as the predecessor Liberal government did. Canadian initiatives have been positive and helpful; they have contributed toward constructive solutions. In anticipation of an accord in South Africa, some preliminary work should be done now in the area of commercial and economic relations. The fact is that there have been 51 trade missions in South Africa in 12 months. With the exception of one unofficial and informal mission from Canada, all 51 missions—of which several, I understand, were at a high level—have come from other countries. Indeed, the Chinese have established a trade-office in Johannesburg.

Canadians should be prepared to encourage and support the move toward greater democracy in South Africa. Individual visits to South Africa and a greater degree of contacts in all areas, including academic, economic, cultural and sports, can only be helpful at this time. Our Canadian government is now encouraging private visits, as some honourable senators are aware.

When a preliminary constitutional accord has been put in place, it is expected that the Commonwealth sanctions imposed at New Delhi will be lifted. That will be a good day for South Africa and for the Commonwealth. A moment ago, I spoke of visits to South Africa. Apart from constitution-building considerations, the tourist values alone in that beautiful country make any visit worthwhile.

EXTERNAL AFFAIRS

OPEN SKIES TREATY

Hon. Earl A. Hastings: Honourable senators, I wish to underline and draw the attention of honourable senators to a significant and important event today in Helsinki. I refer to the signing of the Open Skies Treaty. Signatories to the

agreement will include 24 countries of NATO and former Warsaw Pact countries.

The successful conclusion of the agreement is of significance and importance to Canada, since it was Canada that joined Hungary in seizing the initiative in 1989 and subsequently hosted Open Skies conferences in Ottawa and Budapest in 1990. During the difficult negotiation period since 1990, it was Canada that kept the proposal and initiatives alive and on track. It should be noted that Canada will host and chair the first session of the Open Skies Consultative Commission in Vienna starting in April and continuing to the end of June.

The treaty is, first and foremost, a confidence-building measure under which all states will engage in collaborative and intrusive exercises within the territories of the other states. It will provide some possibility for aerial verification of arms control agreements within the region, and for the sharing of technology of sensors and related equipment. The treaty is of particular importance to smaller or middle-sized countries that do not have access to satellite or other remote sensing possibilities. It will give them a concrete incentive to mount cooperative programs to realize the full benefits of the treaty.

Over these last three years, the Open Skies negotiations have been a matter of continuing interest to the Subcommittee on Verification and Technology of the North Atlantic Assembly, which I have had the honour to chair.

I am certain honourable senators would wish to join me in commending Ambassador David Peel and members of the Open Skies negotiating team from External Affairs on their achievement and the successful conclusion of this initiative.

VETERANS AFFAIRS

RECOGNITION OF ROLE OF MERCHANT SEAMEN

Hon. M. Lorne Bonnell: Honourable senators, I wish to make a statement concerning merchant seaman and the merchant navy. I understood that the minister was to appear before a Committee of the Whole or before the Senate Subcommittee on Veterans Affairs to answer questions on when he intends to take some actions on behalf of these veterans. As yet, I have not heard that the minister is either coming before a committee of the Senate or intends to do anything about this matter.

The time has come for us as members of the Senate to support the Sub-committee on Veterans Affairs, Senator Jack Marshall and the honourable George Proud in the other place in working on behalf of these navy veterans who were out in the North Atlantic during the war in slow ships with no guns to protect themselves. They were completely dependent upon the Navy. On many occasions they were left on their own, and many of their number were lost at sea.

When World War II began in September 1939, Canada's merchant marine consisted of only 37 ships and 1,400 merchant seaman. When the war ended in 1945, their number had grown to 180 ships and 12,000 mariners. Sixty-seven Canadian ships were lost during the war, and of the 7,705 seamen credited by the Department of Transport with sailing in dangerous waters, 1,146 were killed and 198 were taken prisoner. Many of these were taken prisoner in Germany and Japan and were held for months, and even years, in the terrible conditions of the prison camps.

It is time that the government took action. I demand that the minister appear either before a Senate Committee of the Whole or the Sub-committee on Veterans Affairs and tell us whether or not he intends to give this matter some consideration or why he does not intend to support the cause of these merchant seamen.

VETERANS AFFAIRS

CBC MINI-SERIES "THE VALOUR AND THE HORROR"

Hon. Jack Marshall: Honourable senators, last week I stated my intention to make reference to letters and extracts to support my motion that we examine the series of films, "The Valour and The Horror". Today I will read a letter from the son of the commander of the Canadian Army, General H.D.G. Crerar, indicating his dismay at the reference to General Crerar as a blunderer who sent men to their instant death. Nothing could be further from the truth. He also sent me a copy of a letter that General Dwight Eisenhower wrote to Mrs. Crerar in 1965 on the death of her husband, General Crerar.

I quote:

> Thursday I learned the shocking news of the death of your distinguished husband. Because, during the war days, he was a close and valued associate I thought it fitting to issue a public statement immediately. However, I should like to write to you a more personal note because of the respect, admiration and affection that I felt toward your late husband.

● (1410)

> General Crerar was notable not only because of his great professional skill and qualities of leadership but because of his personal character, including his selflessness. He was not one to seek the limelight for command headlines; he was one of those great souls whose only ambition was to do his duty to his troops and to his country.
>
> While my contacts with him were sporadic and infrequent since the war, I still would like you to know that not only I but thousands of Americans share the burden of grief that you must now feel.

I hope that many Canadians out there—and I am sure there are many—would want us to examine this film, which is a defamation to our Canadian forces.

[*Translation*]

THE ESTIMATES, 1991-92

REPORT OF NATIONAL FINANCE COMMITTEE ON MAIN ESTIMATES PRESENTED AND PRINTED AS APPENDIX

Hon. Fernand-E. Leblanc: Honourable senators, the Standing Senate Committee on National Finance has the honour to present its seventh report concerning its review of the expendi-

tures proposed in the Main Estimates for the fiscal year ending March 31, 1992. I ask that the report be printed as an appendix to *Debates* and the *Minutes of the Proceedings* of this day and 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, p. 1145.*)

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

On motion of Senator Leblanc (*Saurel*), report placed on the Orders of the Day for consideration at the next sitting of the Senate.

[*English*]

CANADIAN ENVIRONMENTAL ASSESSMENT BILL

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-13, to establish a federal environmental assessment process.

Bill read first time.

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

On motion of Senator Lynch-Staunton, bill placed on the Orders of the Day for second reading Thursday next, March 26, 1992.

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-64, 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?

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding rule 58(1)(*f*), I move that the bill be given second reading tomorrow.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, the Deputy Leader of the Government has discussed this matter with me. I have had the opportunity to read the *Hansard* from the House of Commons outlining the reason for the urgency. I realize that the request comes from the Northwest Territories. This is not a delay. Nor is the fact that this matter is before us only now the fault of the government; it is for other reasons. The request coming from the Northwest Territories has a deadline of next Tuesday, March 31, so that their laws will not be out of order. therefore, I am prepared to give leave on behalf of the Opposition to proceed tomorrow.

[Senator Leblanc.]

Motion agreed to, and bill placed on the Orders of the Day for second reading tomorrow, Wednesday, March 25, 1992.

GLOBAL PARLIAMENTARIANS CONFERENCE ON HUMAN SETTLEMENT AND SUSTAINABLE DEVELOPMENT

NOTICE OF INQUIRY

Hon. Pat Carney: Honourable senators, I give notice that on Thursday next, March 26, I will call the attention of the Senate to the 1992 Global Parliamentarians Conference on Human Settlement and Sustainable Development, which was held in Vancouver, B.C., from March 16 to 18.

GLOBE '92 CONFERENCE

NOTICE OF INQUIRY

Hon. Pat Carney: I also give notice that on Thursday, March 26, I will call the attention of the Senate to the Globe '92 Conference, held in Vancouver, B.C., from March 16 to 20.

OPEN SKIES TREATY

NOTICE OF INQUIRY

Hon. Earl A. Hastings: Honourable senators, I give notice that on Thursday next, March 26, I will call the attention of the Senate to the signing of the Open Skies Treaty at Helsinki on Tuesday, March 24, by 24 member states of the North Atlantic Treaty and the former Warsaw Pact, and the importance of the treaty as a confidence-building procedure.

GOODS AND SERVICES TAX

PRESENTATION OF PETITIONS

Hon. Royce Frith (Leader of the Opposition): Honourable senators, I have some petitions which deal, as before, with the GST, and request, as before, that the tax be repealed, that the legislation establishing the tax be repealed, that the administration therefore be dismantled and that there be an immediate election. So the form is as with other petitions that I have presented.

Senator Simard: Do you support that request?

Senator Frith: Of an immediate election?

Senator Simard: Are you ready?

Senator Frith: Of course, yes. Make us an offer.

Senator Simard: I am making a note.

Senator Frith: On the basis of last week, Senator Simard seems to have a new status. He is being introduced or brought in to the chairs and thrones of power gradually, honourable senators will have noticed, by answering questions. When Senator Murray is asked questions, sometimes, just as the Prime Minister in the House sort of nods back to one of his

aids, Senator Murray turns to Senator Simard and Senator Simard answers the question.

Senator Simard: In that case I was asking a question.

Senator Frith: I want it noted that Senator Simard is taking notes, and I want it understood that we are too.

Senator Simard: Are you prepared to run in that election?

● (1420)

Senator Frith: What we might call a member of their shadow cabinet is now making a suggestion that we should have an election. We are asking, and these Canadians have been asking, week after week, month after month, almost year after year, for an election, and Senator Simard says that they are considering it. Let's hear it for Senator Simard.

Now we come to the petitions which to his benefit and credit, always attract the attention of Senator Simard. When the people speak, Senator Simard listens.

The list of cities on the petitions from Quebec are Amos, Chambly, Charlesbourg, Dollard-des-Ormeaux, Iberville, Kirkland, LaPrairie, Longueuil, Montréal, Pierrefonds, Repentigny, Rouyn, St-Ambroise, St-Côme, St-Hubert, St-Lien, Ste-Geneviève, Sherbrooke, Val d'Or; from New Brunswick, Bas Caraquet, Burnt Church, Caraquet, Evangeline, Le Goulet, Moncton, Paquetville, St-John, St-Léolin, Shippagan, Village Blanchard; and from Ontario, Kapuskasing.

In total, we have from the province of Quebec 23 petitions with 486 names; New Brunswick, 25 petitions with 103 names, and Ontario, one petition with 20 names. We have a total of 29 petitions with 609 signatures.

[*Translation*]

Hon. Jacques Hébert: Honourable senators, I too have the honour to present petitions signed by 20 citizens of Pokesudie, New Brunswick who oppose the goods and services and also demand elections as soon as possible.

I also have the honour to present petitions that come from the province of Ontario, mainly from Toronto, Oshawa, Little Britain, Whitby, Ajax, Pickering, Cobourg, Bowmanville and Port Perry, for a grand total of 1,045 signatures. They are all Canadians who, like Senator Frith, are counting the days until deliverance!

QUESTION PERIOD

[*English*]

NORTH AMERICAN FREE TRADE AGREEMENT

DRAFT TEXT—VULNERABILITY OF CANADIAN INDUSTRIES TO U.S. AND MEXICAN INTERESTS

Hon. Royce Frith (Leader of the Opposition): Honourable senators, I wish to ask the Leader of the Government in the Senate about the NAFTA, the North American Free Trade Agreement negotiations, and the drafts that we have not been privileged to see. I ask him if he would go on the record and tell us whether it is true that the following statements or matters are dealt with in this way in the draft material to date: Leaving our textile industry vulnerable. Would that be a fair description of the drafts to date?

Hon. Lowell Murray (Leader of the Government): No, honourable senators.

Senator Frith: I would like the Leader of the Government to be on record on all of these questions. Another statement is that it opens up the Canadian telecommunications industry to the United States and Mexican interests?

Senator Murray: No, honourable senators. We have no intention of opening the Canadian telecommunications market beyond what is now allowed.

Senator Frith: Land transportation services?

Senator Murray: Honourable senators, the honourable senator could go through every item that he has found in the *Toronto Star* and ask me to comment. I do not think that is a very productive way to proceed. Let me just tell him that there was a draft sometime in December. That draft has been evolving in the meantime as discussions continue among the three parties. One thing that is quite inaccurate to suggest is that there is any agreement. There is no agreement until there is an agreement.

Senator Frith: Honourable senators will not be surprised that the Leader of the Government and I do not agree on what is productive. That is an interesting choice of words, incidentally, because it is production exactly that we are interested in. Let me ask him, then, if he can comment on why we are giving away negotiating cards such as the card that we might have had and that will be dealt away by Mr. Epp's anticipated announcement about the energy sector, similar to the mistake we made prior to the FTA negotiations when we dismantled FIRA and the NEP?

● (1430)

Senator Murray: Honourable senators, the premise to the question is inaccurate and, therefore, the question itself is academic.

Senator Frith: The premise being the giving away of cards?

Senator Murray: Yes, honourable senators.

Senator Frith: Apparently there is nothing in the agreement on the environment, a labour code, or employment standards. Are our Canadian textile workers expected—by our negotiators—to compete with Mexican manufacturers who need worry little about polluting the environment, and whose workers earn $1 dollar an hour and who live in orange crates, or so we are told?

Senator Murray: Honourable senators, Mexico's exports of textiles to Canada are currently very low. Indeed, our whole trade with Mexico is not very great in quantitative terms. We do as much trade with North Carolina as we do with Mexico.

As far as textiles or anything else is concerned, if there is a trilateral agreement, that agreement in all the sectors that we

are interested in would contain adequate phase-in periods for tariff reductions.

Senator Frith: I do not intend to go through the entire list, but I have two more on which I invite a response. First, apparently, as with the FTA, there is nothing on subsidies. Perhaps we could get some information on that matter. Of course, the position has been taken by some that this is one of the major flaws in the FTA. Some people think it was not a flaw.

Am I correct in saying that subsidies are to be postponed and not dealt with in the NAFTA, as they were not in the FTA?

Senator Murray: Honourable senators, I cannot help my honourable friend with that matter. As I indicated, the whole matter is still under negotiation.

Senator Frith: Is there draft material and are there negotiations going on on the question of subsidies?

Senator Murray: Honourable senators, I am not in a position to answer that question in detail. I will see what information Mr. Wilson can properly bring forward at this time.

Senator Frith: Is it true that the FTA is, in effect, being renegotiated because of the NAFTA negotiations, although this government has always taken the position that it would not renegotiate the FTA?

Senator Murray: Honourable senators, I answered that question on at least one occasion some considerable time ago.

Senator Frith: Remind us.

Senator Murray: There will be no changes in the FTA, except those changes to which both parties have agreed. As far as we are concerned, the only changes we would contemplate would be changes that would improve the situation from Canada's point of view.

Senator Frith: My final question, honourable senators is the following: In order to at least reduce the speculation, can we anticipate receiving more information as to what the real situation is and not be reduced to gleaning any information we can get from the newspapers?

Senator Murray: Honourable senators, I think I have been very forthcoming today.

Senator Frith: We end as we began, on a note of disagreement.

MEXICO—LABOUR STANDARDS—RELOCATION OF CANADIAN PLANTS—GOVERNMENT POLICY

Hon. Raymond J. Perrault: I have a supplementary question, honourable senators. There have been disturbing reports from Mexico that some of the "highly paid" textile workers in Mexico—the alleged wage rate is said to be $1 an hour—have recently had their wages reduced to 60 cents an hour. Another progressive advance for humankind!

Perhaps the Leader of the Government would undertake to provide us with the following relevant labour statistics from Mexico: the average wage earned by women; the average wage earned by men; the number of social benefits enjoyed in that country.

A company based in Toronto purporting to be willing to assist Canadian companies to pull out of Canada and relocate their plants in Mexico is telling prospective clients in Canada: "We can save you up to $30,000 a year per employee by pulling out of Canada and relocating your plant in Mexico." Is that the type of policy the Government of Canada supports, the idea of having companies in this country counselling Canadian manufacturers to get out of Canada as quickly as possible because they will save at least $30,000 a year in employment costs?

I would be pleased to provide the documentation inspiring this question to the Leader of the Government in the Senate so that he knows this is not merely a newspaper story, but is, in fact, material from a letter that has been received by many companies in Ontario.

Let's have the full facts about labour standards in Mexico and what Canadians may be required to compete against.

Hon. Lowell Murray (Leader of the Government): With regard to the latter part of the question, honourable senators, I would be very glad to look at the document that the honourable senator has received to see if there is any comment that the government should make about it.

With regard to wages in Mexico, I think it should be pointed out, first of all, that about 2 per cent of all the goods that we buy abroad come from Mexico—

Senator Perrault: That was before the free trade deal.

Senator Murray: —notwithstanding Mexico's relatively low wage rates. Wages are a relatively small part of the cost of production, perhaps 20 per cent or less. Coming from a province that lives on trade, the honourable senator must know that the world's great traders are not the low wage countries. They are the high wage countries such as the United States, Canada, and Japan.

Senator Perrault: The Leader of the Government in the Senate must be disturbed by these reports. The phraseology is very interesting. One of the pamphlets that I read said, "The happy and productive Mexican worker is willing to work for far less money than they do in Canada."

Why don't we invite some of these "happy" Mexican workers up to Canada to testify before a Senate committee on this subject? Let's have representatives of the Mexican trade union movement testify so that we get the facts first hand.

I am very disturbed when I see that type of campaign being waged to entice Canadian industries to close down here and go to Mexico where their products can be manufactured by these "happy and productive" Mexican workers.

Senator Murray: A very few moments ago my honourable friend was criticizing the government for not doing enough to promote trade with South Africa. I wonder where South Africa's wage rates stand in comparison to Mexico's?

Senator Perrault: I did not criticize the government for its stand. I support the policy of the government, and I said that very clearly. When those economic sanctions are lifted, however, there will be opportunities for Canadian trade with South Africa; opportunities which should be exploited.

The Chinese government has recently established a trade office in Johannesburg. We are really not in the play at all down there, as the Leader of the Government in the Senate knows.

In any case, South African wage rates are substantially higher than wage rates in Mexico. That is no defence of South Africa, however. Vast changes would have to be made in that country before they can move ahead economically.

EXTERNAL AFFAIRS

DEPARTMENTAL TRANSFERS OF FOREIGN SERVICE OFFICERS—GOVERNMENT POLICY

Hon. Lorna Marsden: Honourable senators, not so very long ago the government decided to transfer to the Department of Employment and Immigration those professional foreign service officers who, until now, have comprised the Social Affairs stream of the Department of External Affairs and International Trade. The Social Affairs stream officers are those people who help you if you have lost your passport or are in difficulty, and they also advise on other matters. This has had a severe impact on the department, on services provided to Canadians abroad and, above all, on the individuals whose careers have been quite affected.

I have two questions for the Leader of the Government in the Senate. The first concerns the lack of consultation. This announcement was made, apparently, without any consultation with the most senior members of the Department of External Affairs, and certainly not with the Professional Association of Foreign Service Officers, and yet it was the Prime Minister who was the force behind the PS 2000 project and document which implies a whole new era of consultation. Can the Leader of the Government tell us why the normal and the new consultative processes were not followed in this case?

● (1440)

Hon. Lowell Murray (Leader of the Government): Honourable senators, I am not in a position to reply to that question in detail. I shall have to ask my colleagues, Mrs. McDougall and Mr. Valcourt, for a reply, and I shall bring it in in due course.

Hon. Lorna Marsden: Honourable senators, it would be a pleasure to have that reply brought in. However, I might add that the Association of Foreign Service Officers, having written to the minister twice, is still awaiting a reply or consultation.

EMPLOYMENT EQUITY—GENDER IMPACT OF DEPARTMENTAL TRANSFERS

Hon. Lorna Marsden: May I ask the Leader of the Government another question in this matter that is equally serious. There are three streams in External Affairs: Political-Economic, Trade, and Social Affairs. There are 1,367 officers in those streams. I am interested in the gender equity impact.

Social Affairs has the largest proportion of women. Some 30.23 per cent of the officers in Social Affairs are women. In the other two streams no more than approximately 16 per cent are women. By removing the Social Affairs stream from this segment of External Affairs, the Department of External Affairs will see its proportion of women drop to 16.22 per cent, which I believe will make it the lowest in the federal government.

Has the government considered the gender impact of this move?

Hon. Lowell Murray (Leader of the Government): Honourable senators, I will be happy to draw the attention of my colleagues to that question as well.

THE SENATE

REPRESENTATION OF WESTERN CANADA

Hon. Efstathios William Barootes: Honourable senators, my question is for the Leader of the Government in the Senate. It relates also to the *Debates of the Senate* of Thursday, March 19, 1992.

My question has to do with the under-representation of Western Canada in this chamber. I wish to draw to the attention of honourable senators the fact that—

Senator Frith: There is always section 26.

Senator Barootes: There is a lot of jaspering going on. If honourable senators would listen, they would hear that it is a rather well-thought-out question, and I would like Senator Frith to hear it.

Senator Frith: We will be the judge of that.

Senator Barootes: I would like you to hear it. It is very difficult to hear when your mouth is open.

Senator Frith: The truth is that you can hear better with your mouth open.

Senator Barootes: I bring to the attention of this place the fact that Saskatchewan has officially only three sitting members in the Senate, although we are entitled to six. God knows that six is extremely low for our province.

Senator Frith: He does?

Senator Barootes: We are at the present time devoid of three of our sitting members.

Senator Haidasz: How about coming up with the names of three farmers?

Senator Barootes: I knew that we should not have been quiet when Senator Frith was asking his series of questions of the Leader of the Government. I thought he might give us the same respect and dignity.

There are, however, eight members of the Senate who are designated as divisional senators. Two of them are from the western division. Senator Johnson could fill the vacancy that

exists in Manitoba. Senator Berntson, who is a divisional western senator, could fill one of the three vacancies that exist in Saskatchewan. That leaves us two light, because, in addition, there is a vacancy in Alberta.

There is considerable under-representation in the west, and some of those vacancies have existed for a considerable period of time. Is it possible to ascertain when those vacancies may be filled and when it will be the pleasure of the Prime Minister to take some action thereupon? We would like to have those Senate seats filled before the two other members and I, who remain here working so hard and diligently for our province, die from overwork.

Senator Haidasz: How about some farmers?

Senator Frith: Senator Beaudoin would want them elected, would he not? Call an election!

Senator Haidasz: Alberta wants an elected senator. Let someone neutral like Senator Simard answer the question.

Senator Simard: We have them scared now.

Hon. Lowell Murray (Leader of the Government): Honourable senators, as Senator Barootes and all honourable senators are aware, it is the Prime Minister's prerogative to recommend to the Governor General the names of people to be summoned to the Senate. As the honourable senator has pointed out, there are presently three vacancies in the Senate. Two are from his Province of Saskatchewan, and one is from Alberta.

I will be glad to convey the honourable senator's representation to the Prime Minister; and, if I may say so, to add my own, because I believe that—

Senator Frith: Your majority is getting a bit thin.

Senator Murray: Discussions are going forward about Senate reform, but the business of the government and of the country must go forward—

Senator Simard: Despite Liberal senators.

Senator Frith: There might be some Liberal names on that list.

Senator Murray: —until there is some resolution of that question. Indeed, as the honourable senator points out, it is only fair that provinces be fully represented in this place. Therefore, it certainly seems to me to be a good idea to proceed as soon as possible to fill the vacancies in Saskatchewan and Alberta.

Some Hon. Senators: Hear, hear!

Senator Frith: Is this the comedy hour?

NORTH AMERICAN FREE TRADE AGREEMENT

PATENT PROTECTION FOR PRESCRIPTION DRUGS

Hon. Lorne M. Bonnell: Honourable senators, I would like to return to the North American Free Trade Agreement for a moment to find out if it is true that Canada and the United States are recommending to the Mexicans that they get 20 years' patent protection on drugs rather than the 10 years provided in the *Patent Act*. Are Germany and the United States working together through GATT to do the same thing in order to give 20-year protection to the patent drug companies?

[Senator Barootes.]

Hon. Lowell Murray (Leader of the Government): Honourable senators, I cannot comment on negotiations between Canada and the United States and Mexico on that matter. I would simply remind the honourable senator that the draft GATT agreement tabled by Mr. Arthur Dunkel in late December recommends such an extension of the patent period and that Mr. Wilson, speaking for the government, has indicated our agreement with that proposition and our intention to proceed in that direction.

Senator Bonnell: In other words, the government has made a decision to raise by 100 per cent the price of drugs to the elderly, the poor and the disabled in this country.

Senator Barootes: You were wrong then, and you are wrong now.

Senator Murray: It was one thing for the honourable senator to do that scare-mongering when the legislation was before the Senate. Now that events have proved him wrong, I should have expected him to show rather more humility about the matter.

The fact is that prices of prescription drugs in this country have increased by less than the consumer price index since Bill C-22 went through Parliament.

Senator Thériault: Says who?

Senator Murray: Says Statistics Canada. I will bring the figures in for the honourable senator.

Senator Haidasz: They are wrong again.

Senator Murray: Senator Haidasz says Statistics Canada is wrong again. That is the third time in as many weeks that I have heard that from Senator Haidasz.

● (1450)

DRAFT REPORT—AVAILABILITY OF TEXT—GOVERNMENT POSITION

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): My question to the Leader of the Government is a follow-up on a question of Senator Frith's. When can we expect to see the draft report on the Mexican-U.S.-Canada trade agreement? When will we have a draft?

Hon. Lowell Murray (Leader of the Government): The honourable senator will see an agreement, if and when there is an agreement. The draft that he and I refer to is a movable feast. It is an evolving document.

Senator Molgat: Is there a reason why the Senate does not have that document? Why, on this very major enterprise, are we not, as representatives of our various regions, aware of what is being discussed?

Senator Murray: I can tell the honourable senator, or Mr. Wilson can, what is being discussed, in the sense that I can tell

Hon. Lowell Murray (Leader of the Government): Honourable senators, what I have indicated is that a certain offer was made, I believe, by the government, by Mr. Wilson, to representatives of the parties in the House of Commons and that I would speak to Mr. Wilson with a view to having the same offer made to honourable senators. Of course, I would include in that honourable senators from the government party.

Hon. Philippe Deane Gigantès: Would that be on condition that whatever it was that you divulged to legislators would have to be kept secret by those legislators?

Senator Murray: Honourable senators, I would to have ask what conditions those arrangements were made under in the House of Commons.

Senator Gigantès: Well those were the arrangements in the House of Commons, and as a former journalist, I remember the trap that they tried to set for journalists by saying, "I will tell you something if you accept that it be off the record." They generally told you something you already knew, and then you could not try to criticize them because they would squeal that you were breaking their confidence. Is this the same confidence trick that you are trying to play?

Senator Murray: Let me say that we will do our best not to put the Honourable Senator Gigantès in the way of temptation.

Senator Gigantès: You do not have to. It is your existence that tempts me.

WORLD CONSERVATION

WOOD BUFFALO NATIONAL PARK—ENVIRONMENTAL EFFECTS OF BENNETT DAM

Hon. Colin Kenny: Honourable senators, I have a question for the Leader of the Government in the Senate concerning Wood Buffalo National Park. As I am sure he is aware, last month, Wood Buffalo, the country's largest national park and home of the largest free-roaming herd of bison in the world, was reviewed by the World Conservation Union and declared a world heritage site in danger.

● (1500)

The World Conservation Union was concerned specifically about the Peace-Athabasca Delta in the middle of the park. Due to British Columbia's Bennett Dam, the delta has almost completely dried up. This delta is one of the largest in the world and provides necessary and ideal wetland for the park's wildlife.

Honourable senators, why is the government allowing this delta to dry up? I ask the Leader of the Government when can we expect enough water to be released from the dam so that the delta will return to its original state? As a supplementary to that, I would like to know what is the status of discussions with B.C. Hydro which I understand are taking place to address this problem.

Hon. Lowell Murray (Leader of the Government): Honourable senators, with regard to both questions, I shall ask my cabinet colleague Mr. Charest, the Minister of the Environment, for a report.

The Hon. the Speaker: Honourable senators, I must advise you that this is the last question, according to our rules.

Senator Haidasz: Closure, closure.

NATIONAL FINANCE

OLYMPIA & YORK DEBT CRISIS

Hon. John B. Stewart: Honourable senators, will the Leader of the Government in the Senate undertake to make a statement to the Senate as soon as possible on any discussions between the Government of Canada and Olympia & York, and in that statement disclose any proposals that have been worked out between the two parties for the alleviation of the cash flow problem that Olympia & York is supposed to be suffering?

Hon. Lowell Murray (Leader of the Government): Honourable senators, the short answer to the question is in the affirmative.

OLYMPIA & YORK DEBT CRISIS—GOVERNMENT LOAN GUARANTEES

Hon. Stanley Haidasz: I have a supplementary question, honourable senators. I would ask the Leader of the Government in the Senate whether it is true that the Minister of Finance will again take money from the taxpayers of Canada to grant loan guarantees to Olympia & York to help them alleviate their $20-billion debt crisis?

Senator Murray: No.

[*Translation*]

Hon. Jean-Maurice Simard: Honourable senators, I would like to give the Leader of the Government advance notice that tomorrow I will ask him a question on government aid—

The Hon. the Speaker: Hon. senator, according to our rule, that is advance notice. You will ask your question tomorrow. I said it was the last question.

Hon. Thomas H. Lefebvre: Follow your own rule!

The Hon. the Speaker: I ask you to follow the order, Senator Simard.

Hon. Senators: Order.

DELAYED ANSWERS TO ORAL QUESTIONS
THE SENATE

DELAY IN PRODUCTION OF DEBATES

Hon. Thérèse Lavoie-Roux: Honourable senators, you will recall that last Thursday, Senator Molgat asked me about the delay in publishing the *Debates of the Senate*. I undertook to give him a more thorough answer today and I am eager to do so.

him what our objectives are in those negotiations. I would be glad to do that, but we do not place in the public domain the documents we are using for negotiating purposes.

Senator Molgat: The minister says "... we do not place in the public domain ...", yet last week, in the Manitoba legislature, when questions were being asked of the premier there, specific reference was made to a draft copy. I quote directly from a *Winnipeg Free Press* article of Thursday, March 19, wherein there is a reference to Manitoba's Conservative premier:

> Filmon confirmed yesterday his government had received a draft copy of the positions put forward for a potential agreement by Mexico, Canada and the United States.

Hon. Raymond J. Perrault: Not available to the Senate.

Senator Molgat: It goes on to say:

> Industry and Trade Minister Eric Stefanson, who has been analysing the free trade briefs, said he believes Canada's position at the negotiating table is not far from Manitoba's.

How can you say that it is not in the public domain? You are prepared to give it to a provincial premier who is prepared to discuss it with members of his cabinet.

Hon. Stanley Haidasz: Because he is a Conservative.

Senator Molgat: But we, in this chamber, are not allowed to see the draft?

Senator Perrault: We cannot see it in British Columbia either.

Senator Murray: Honourable senators, I do not know what document Premier Filmon may have, but I would presume it is the same document that we have given under a procedure that I do not have a description of at the moment—

Senator Perrault: It is indescribable, all right.

Senator Murray: —but that we have shared with opposition members in the other place.

Senator Molgat: Why are we not entitled to have at least as much as a provincial premier? We have a responsibility in the same way as he does.

Hon. Royce Frith (Leader of the Opposition): Because we are only the Senate.

Senator Murray: I do not know what document Premier Filmon or any other premier may have. I suspect it is the same document that the government has offered to share with the opposition leadership in the other place.

Senator Frith: But not in the Senate.

Senator Murray: The subject came up last week. I will inquire to see what the government can properly share.

Senator Frith: With the Senate?

Senator Murray: No, not with the Senate; with representatives of the opposition in the Senate.

IMPACT ON CANADIAN LABOUR

Hon. Philippe Deane Gigantès: Is the Leader of the Government convinced that negotiations for a trilateral free trade pact will also be in the spirit portrayed by Professor Roger Lipsey in his analysis of the U.S.-Canada trade pact in a book that your government was distributing in great numbers to instruct us during those days?

Hon. Lowell Murray (Leader of the Government): Honourable senators, as I said, I am perfectly prepared, and Mr. Wilson is even better prepared, to discuss the objectives of Canada in entering the NAFTA negotiations. Our objectives are barrier-free access to the Mexican market—which is of 80 million people, not an inconsiderable market in terms of size—and it is to obtain, in this trilateral arrangement, improved access to the United States market and enhancement of the investment climate in Canada.

Senator Gigantès: But Mexican workers replacing Canadian workers in making automobiles, for instance, are paid $1.40 an hour. Every time a Canadian worker is replaced, there will not be an automobile sold to those Mexican workers to compensate for the automobile that is not made here. What happens to Canadian workers who are thus displaced?

Senator Murray: The honourable senator is making quite a number of assumptions in his question. Earlier today, I discussed the share of production costs accounted for by labour. It is about 20 per cent.

In any case, the honourable senator talks about Mexican labour replacing Canadian labour in building automobiles. I do not know what that has to do with the negotiation of the North American Free Trade Agreement.

In terms of our relationship with the United States, we have had the Canada-U.S. Auto Pact in place since the mid-1960s.

Senator Gigantès: If we open up our market to cars produced in Mexico, our manufacturers, most of them Tories, will move down there. Mr. Lipsey said, in that book which you were distributing, that the most important thing about the U.S.-Canada free trade agreement would turn out to be that Canadian investors would be able to invest in the United States without any impediments. Might I suggest to the Leader of the Government that the majority of the people in Canada are not interested in investing in Mexico, are not interested in investors who invest in Mexico, but are more interested in jobs here?

DRAFT REPORT—AVAILABILITY TO SENATE

Hon. Pat Carney: I have a question for the Leader of the Government in the Senate. You just made an offer to share a draft document or to seek permission to share a draft document on the NAFTA deal with representatives of the members of the opposition in the Senate. Would you undertake to seek the same permission to share that document with members of the government caucus, possibly through the Standing Senate Committee on Foreign Affairs?

At the meeting of the Committee on Internal Economy, Budgets and Administration, the Clerk gave several reasons. One is the delay due to printing problems. I am told that management at the plant have been implementing changes and have cooperated with Senate staff to produce the *Debates* in a more timely manner.

A second reason is the speed at which we can obtain translation from the Department of the Secretary of State. The Under Secretary of State and Senate staff are trying to find ways to give the Senate the translations as quickly as possible.

A third reason concerns our reporting service. That is what Senator Corbin referred to. Suddenly, we had a larger proportion of French than the usual 15 per cent. One or two days last week, at least 50 per cent of the proceedings were in French. Steps are being considered so that this problem does not recur when a greater proportion of French is used.

A final point that was not mentioned by the Clerk but which I think the Senate should consider is that more and more, it seems, Senate committees are sitting at the same time as the Senate. The staff required for transcribing the proceedings are in a rather difficult situation when committees and the Senate sit simultaneously. This question should be examined because it leads to extra work when the number of persons provided to record the Senate debates was sufficient. We should look into this extra work load.

[*English*]

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, I have a number of delayed responses to questions raised in the Senate on February 27 by Senator Marsden regarding the KAON project, and also by Senator Marsden on the elimination of the Science Council of Canada; on March 17 by Senator Marsden on the effect of government policy on child benefits; also on March 17, by Senator Simard regarding the enshrinement of New Brunswick's Bill 88 in the constitution; on March 18 by Senator Kenny regarding the Law of the Sea Convention; and on the same day, by Senator Lewis regarding the Arrow air crash in Gander; on March 19 by Senator Wood on the cancellation of the Court Challenges Program; and also on March 19, by Senator Thériault, a question regarding accessibility to Francophones of constitutional conferences outside Quebec.

SCIENCE AND TECHNOLOGY

KAON PROJECT—CANADIAN FUNDING—GOVERNMENT POLICY

(*Response to question raised by Hon. Lorna Marsden on February 27, 1992*)

The federal government is not considering other projects as alternatives to the KAON Factory. The federal government made an offer of $236 million to the Government of British Columbia towards the construction of the KAON Factory on September 19, 1991. This offer is still valid. Recently, the Province has appointed a negotiator, and discussions with the federal government have been initiated.

The February 18, 1992 article in the *Vancouver Sun* was a misinterpretation of the recent creation of the federal Interagency Panel on Subatomic Physics (IPSP), chaired by the Deputy Minister of Industry, Science and Technology Canada. The IPSP was established to provide an ongoing process for determining Canadian priorities in subatomic physics, and to assist the federal government in reaching policy decisions on support for research and facilities in this field. The IPSP is provided with scientific advice by the Nuclear and Particle Physics Advisory Panel (NPPAP) recently established by the Natural Sciences and Engineering Research Council (NSERC). The NPPAP, among other things' will provide advice on Canadian scientific priorities with respect to major subatomic physics research initiatives such as the Superconducting Super Collider in Texas, and the Large Hadron Collider in Switzerland. These panels will not re-examine the priority for KAON, a project on which the federal government has already made a firm offer.

SCIENCE AND TECHNOLOGY

ELIMINATION OF SCIENCE COUNCIL OF CANADA—EFFECT ON ACCESSIBILITY OF INFORMATION

(*Response to question raised by Hon. Lorna Marsden on February 27, 1992*)

Since its creation in 1987, all seventeen reports of the National Advisory Board on Science and Technology have been made public.

A complete listing of all NABST reports is publicly available, and copies are distributed to interested organizations and individuals. Anyone who wishes to receive copies of NABST reports may call (613) 993-5275 or write to the NABST Secretariat at 235 Queen Street, Ottawa, KlA OH5. Copies will be sent free of charge.

An information brochure regarding the mandate and membership of the Board is also publicly available to any interested organizations and individuals. Also, the following outlines reports and brochures which are available to the public.

1—Innovaction Committee Report

2—Government Committee Report

3—Industry Committee Report

4—University Committee Report

5—Government Procurement Committee Report

6— Participation of Women in S&T Committee Report

7—Department of Industry, Science and Technology Committee Report

8—Economic Summit Proposal Committee Report

9—Public Awareness Committee Report

10—Big Science Committee Report

11—Private Sector Challenge Committee Report

12—Federal S&T Expenditures Committee Report

13—Big Science Committee Report on the KAON Project

14—Science and Technology, Innovation and National Prosperity Committee Report

15—Human Resource Development Committee Report

16—Financing Industrial Innovation Committee Report

17—Statement on Competitiveness

THE ECONOMY

EFFECT OF GOVERNMENT POLICY ON CHILD BENEFITS

(*Response to question raised by the Hon. Lorna Marsden on March 17, 1992*)

The new proposal does not ignore low income families. For example, a family with one child, earning $20,000, can receive as much as $1,733 per year—an increase of 40%.

Also, under the Child Benefits Program a greater proportion of the assistance to low income families would be placed in the hands of the recipients when it is needed most—on a monthly basis. A family with an annual income of $20,000 and with one child would, under the proposed plan, receive $114 monthly, as opposed to the $35 presently received a month. These payments will be adjusted annually for increases in the consumer price index in excess of 3 per cent.

Families with children receiving social assistance receive thousands of dollars more than families surviving on low-wage jobs. For example, a single parent on social assistance receives an additional $4,500 for their first child, on average, depending on the province.

The earned income supplement is designed to provide extra help to those low income working families who receive little or no social assistance. It represents an incentive for low income parents to participate in the work force.

[*Translation*]

THE CONSTITUTION

NEW BRUNSWICK—ENSHRINEMENT OF BILL 88

(*Response to question raised in the Senate by Hon. Jean-Maurice Simard on March 17, 1992*)

Further to an exchange of letters between the Right Hon. Joe Clark and the Hon. Edmond Blanchard of New Brunswick, talks have begun between federal officials and New Brunswick on the best way to provide constitutional protection for Bill 88 (equality of the two language communities). These talks are continuing.

Nevertheless, it is premature to take a position on the final outcome of these discussions. New Brunswick's Special Committee on the Constitution will not table its report until March 31.

Furthermore, in their agreement of March 12, 1992, the first ministers agreed that no government would take any unilateral action on the Constitution while the current process is under way. This process is to end on May 31, 1992.

[*English*]

EXTERNAL AFFAIRS

THE RATIFICATION OF THE LAW OF THE SEA CONVENTION

(*Response to question raised by Hon. Colin Kenny on March 18, 1992*)

Canada is working in consultations under the auspices of the U.N. Secretary General to resolve problems related to the Law of the Sea Convention's impact on the sea-bed regime. It is our view that the Convention and Canada's interests are best served through our efforts to make it universally acceptable. We should have a clearer picture of whether this is possible by the end of the year.

While Canada continues to be one of the major proponents of the Convention, ratification, at a time when the costs of an international sea-bed mining regime remain unclear, would not be prudent.

TRANSPORT

ARROW AIR CRASH IN GANDER, NEWFOUNDLAND—CRIMINAL INVESTIGATION COMMENCED BY U.S. FEDERAL AVIATION AUTHORITY—GOVERNMENT POSITION

(*Response to question raised by Hon. P. Derek Lewis on March 18, 1992*)

The Canadian Aviation Safety Board has already investigated the accident. Because of the inconclusive results of this investigation, Mr. Justice Willard Estey was asked to review the Gander investigation and he concluded that a further investigation was not warranted.

There has been continuing speculation on the events leading to the accident. The government is aware of current speculation concerning a forthcoming documentary on U.S. television, of possible new evidence and of a possible U.S. government reaction.

To date, no new evidence has emerged but should any come to light, the government will assess it and act accordingly.

JUSTICE

CANCELLATION OF COURT CHALLENGES PROGRAM—GOVERNMENT POSITION

(*Response to question raised by Hon. Dalia Wood on March 19, 1992*)

All commitments of court cases made before February 27, 1992 will be honoured and processed at the level of court at which they were approved.

[*Translation*]

CONSTITUTIONAL CONFERENCES

ACCESSIBILITY TO FRANCOPHONES OUTSIDE QUEBEC

(*Response to question raised in the Senate by Hon. Norbert Thériault on March 19, 1992*)

Having been Secretary of State for a year and responsible for Francophones outside Quebec and linguistic minorities in Canada, the Hon. Benoît Bouchard takes exactly the same position as he did then, namely that the federal government must protect all linguistic minorities in Canada and will continue to do so.

[*English*]

BUSINESS OF THE SENATE

ANSWER TO ORDER PAPER QUESTION—INQUIRY

Hon. John B. Stewart: Honourable senators, perhaps I could ask the Leader of the Government when the government proposes to deal with Order Paper Question No. 60, which was put down on February 12, 1992, concerning certain persons appointed to the European Bank for Reconstruction and Development.

Hon. Lowell Murray (Leader of the Government): I will make inquiries, honourable senators.

CANADA ASSISTANCE PLAN

BILL TO AMEND—THIRD READING—DEBATE ADJOURNED

Hon. Roch Bolduc moved third reading of Bill C-32, An Act to amend the Canada Assistance Plan.

Hon. Lorna Marsden: Honourable senators, Bill C-32 is a most unfortunate piece of legislation. It is highly punitive to the social sector. With Bill C-32, the government is choosing to cut back on the money available for the poorest of the poor in our country. The government knows that this legislation, if passed, will lead to less shelter for the homeless, less food for the hungry, less protection for the abused, less help for the disabled, and less hope for the vulnerable.

The government tells us its hands are tied. It tells us that this is why it has to cut back on health care, on post secondary education and on social assistance payments. The government, of course, has been cutting back on the social sector since it gained power in 1984, through partial de-indexing, through freezing, through the cutting of transfers.

On the other hand, the Minister of Finance has found additional money for other matters. For example, $150 million for defence spending in the upcoming fiscal year, and another $400 million for extra defence spending for 1993-94, among other new funds found. The government has chosen to make poor people the victim of its plans to get their part of all government budgets out of recession by transferring costs on to provincial and, therefore, municipal governments.

● (1510)

As an Ontario senator, I want to look at the legislation before us as it affects my province. This bill limits the Canada Assistance Plan payments to Ontario, B.C. and Alberta. Fifty-four point nine per cent of Canada's poor children live in those three provinces.

Senator Murray: It limits the increase to 5 per cent per year.

Senator Marsden: Indeed. It limits those payments to those three provinces where 55 per cent of the poor children in Canada live. Child poverty is increasing faster in Ontario than in any other province. More than half of the country's increase in child poverty each year is taking place in Ontario. According to the latest statistics, Ontario's child poverty rate is increasing at 34 per cent a year. In my province, 323,000 children under the age of 16 live in poverty. There are 12,000 street kids estimated to be living in Toronto alone.

Ontario has the highest per capita food bank usage of any province. The number of food banks in Ontario has grown from four, when the Conservative government came into power in 1984, to 88 at the end of 1991. Thirty-nine per cent of food bank recipients in Ontario are under the age of 18. One hundred and forty thousand people use food banks every month in Toronto alone. That is an increase of over 100 per cent in four years.

Since the government first capped social assistance payments to Ontario in 1990, the provincial unemployment rate has increased from 6.3 per cent to 9.7 per cent. It is the government's policies that have led directly to quite a lot of that increase in unemployment. The number of unemployed people in Ontario has increased from 331,000 to 512,000. There are 16,000 unemployed people in Kitchener-Waterloo, a medium-sized but important city in Ontario. There are 32,000 unemployed people in Hamilton and 39,000 unemployed people in the national capital region. In Metro Toronto today there are 211,000 unemployed people, and the unemployment rate in Metro is 10.5 per cent. Canada's largest city now has an unemployment rate higher than the national average.

Last month the number of unemployed people in Canada rose by 22,000, and 19,000 of these newly unemployed people live in Ontario. Welfare payments by the province of Ontario have increased by 40 per cent in this fiscal year. Ontario and its municipalities are now obliged to spend $5.45 billion a year on welfare, which is almost as much as the $6 billion spent on education.

It is against this background that we have to consider Bill C-32. The government has contributed very heavily to this recession. The government has caused or contributed heavily to the situation in which more than half a million people in my province are unemployed. The government has contributed to a situation which has resulted in Ontario's welfare payments sky-rocketing by 40 per cent in a single year, and now the government wants to pass this bill which will reduce federal transfers for social assistance to Ontario by $1.559 billion in the coming year.

The federal government's overall economic policies, combined with the limitation on Canada Assistance Plan payments, have had two primary effects in Ontario. First, Ontario

has been forced to restrict the amount of money available to individual welfare recipients so that those welfare recipients fall further and further below the poverty line. Second, Ontario has been obliged to cut back on all social assistance programs other than welfare.

The income of a couple with two children receiving social assistance in Ontario is now more than $6,300 below the poverty line. Is it any wonder they end up at food banks? The income of a single person on welfare in Ontario is now more than $5,400 below the poverty line. Is it any wonder that he or she cannot find a decent place to live? Indeed, last week when I was speaking at a meeting in Toronto, a number of older single people approached me on this subject.

What happens to all those social assistance programs which are not direct welfare programs? In the Kawarthas, the Children's Aid Society is no longer able to provide counselling to all the sexually abused children who need it. In Lanark, they have had to eliminate the program providing play therapy for severely neglected children. In Toronto, provincial social workers now carry an average case load of 424 each. In Ottawa, the provincially-funded shelters are all full; there is simply no more space.

As a direct result of the federal government's actions, my province is unable to bring all its citizens up even to the poverty level, and there is no money available for the necessary programs to help people break out of poverty permanently. The situation is truly tragic. We know that children living in poverty are more likely to have health problems, more likely to drop out of school, more likely to get in trouble with the law, and more likely to end up on welfare, and yet there is no money available for programs to stop that cycle.

The Senate has discussed this issue extensively. We know that in Ontario 61 per cent of families headed by single mothers are poor, but there will be no new employment, training, counselling or child care programs to help those women get off welfare. There is no money available for the programs to help street people—often called bag ladies—to help the mentally ill, or to help the hopelessly addicted. Although people are perhaps giving more generously than they have before in charitable forms, much more is needed. And there is no money to deal with the problem of poor children experiencing a death rate that is 50 per cent higher from all causes, than other children.

Honourable senators know about this because of the Senate report on child poverty. We know that the country will lose income tax over the next 20 years. Unemployment insurance payments will be extended and all kinds of income will not be earned because of the failure to deal with the problem of children in poverty, and the government's new program will not help very much. The situation is a national disgrace and a human disgrace. This bill, if passed, will leave a permanent scar on thousands of children and families.

There is another example of how this government's policies are deepening the poverty crisis in Ontario. In 1988, over our objections, the Conservative government introduced a new refugee determination system. The new system has not been a success. Fifty-eight thousand people applied as non-sponsored refugees in Canada from 1988 through 1990. Only 34 per cent of those applications were resolved. So there is now a backlog of 38,000 refugee claimants from the new system. Where do those claimants end up? Twenty-seven thousand of those refugee claimants are in Ontario, at an annual welfare cost to the province of Ontario of $155 million. That is up from $93 million three years ago.

The federal government created a badly flawed new refugee determination system but refuses to provide any serious assistance to refugee claimants, and Ontario citizens are left to foot the bill. Let me be clear. You cannot blame legitimate refugees for the actions of the federal government. It is not the fault of refugee claimants that the welfare bill in Ontario is soaring. It is the fault of the Conservative government. We know the costs of direct welfare payments to refugees living in Ontario. The unknown costs are, of course, even higher. We cannot deny emergency medical care for refugees and yet, of course, that increases hospital expenditures. We cannot deny emergency social services to refugees, and yet that increases the drain on social agencies. No one has yet been able to put even an approximate total figure on this problem, but the Catholic Immigration Centre in Ottawa estimates that refugees make up 30 per cent of its work load.

Honourable senators, this is just one example of how this government has made choices which strain the social fabric of Ontario and leave a gaping hole in the social safety net in Ontario. The federal government has made their choices and the federal government has left poor people with choices. For example, families living in poverty can choose between buying shoes for their children or feeding them adequately. Families living in poverty can choose between living without heat or living without electricity. Those families living in poverty can choose which food bank they want to line up at today.

● (1520)

Approximately 3.8 million people live below the poverty line in Canada; 2 million people use food banks in Canada; 1.5 million Canadians are unemployed; nearly 1 million people are on welfare in Ontario. This government's answer to those tragic numbers is to cutback on federal assistance for social services. The government's answer is to pass on the costs to Ontario, the province in which child poverty is increasing at the fastest rate; the province in which unemployment is increasing at the fastest rate; the province in which refugees are increasing at the fastest rate and the province in which food banks are increasing at the fastest rate.

That is this Conservative government's answer, and the answer is dead wrong. The legislation, Bill C-32, is wrong. The legislation is not only heartless but also shortsighted and foolish. I urge honourable senators to vote against this bill.

Hon. Lowell Murray (Leader of the Government): Honourable senators, I intervened briefly in the course of the debate on second reading. I will not repeat now what I said then. I would simply like, in two sentences, to place a couple of facts on the record, specifically with regard to Ontario.

Federal payments under the Canada Assistance Plan will be capped at 5 per cent per annum to Ontario, Alberta and British Columbia. With regard to Ontario, the federal payments under the Canada Assistance Plan, between 1985 and 1990, increased by an average of 17.5 per cent per year. No reasonable person believes that that rate of increase could long be sustained.

The payments from the federal government to Ontario under the Canada Assistance Plan are now well in excess of $2 billion annually. Without disagreeing with the facts the honourable senator has placed on record with regard to refugees, and so on, that is a very substantial contribution to the eligible costs of Ontario under the Canada Assistance Plan. That province is certainly not increasing its payments to municipalities, universities, schools and hospitals by 17.5 per cent per annum or even by 5 per cent per annum.

Hon. Jerahmiel S. Grafstein: Honourable senators, I should like the government to respond, because to pull a number out of the air without taking a look at the general revenue picture of Ontario would be misleading.

During the period of time that the Leader of the Government in the Senate just mentioned, how much revenue flowed into the federal coffers from the province of Ontario? What percentage of the total of taxpayers' revenues in Canada flowed from Ontario to the federal government?

Senator Murray: The honourable senator is repeating an argument or making as his own an argument that has been made recently by Premier Rae. No one disputes the fact that, if Ontario taxpayers, corporate and personal, are contributing more than 40 per cent, or whatever the amount is, to the federal treasury, that same amount is not flowing out to Ontario taxpayers directly. We do have equalization in this country and we do have other national programs, as the honourable senator is well aware.

I would argue that the residents of Ontario, like the residents of Alberta, British Columbia and residents from all provinces, benefit from being part of the great national unit that is Canada.

Senator Grafstein: Perhaps the Leader of the Government in the Senate could give the precise number that flows back to Ontario. I believe Premier Rae said that Ontario contributes 43 per cent of all tax revenues. I do not know if that is just tax revenues or revenues from all sources—income tax, as well as other revenue sources. Is that number correct? If that number is correct, could he then indicate to the Senate and to the honourable senators from Ontario what percentage of the total tax revenues flow back into Ontario based on our population? Are we getting our per capita share?

Senator Murray: That is the old argument about check book federalism or fédéralisme rentable, as it has been called elsewhere. The people of Ontario and successive governments of Ontario have never tried to demand that the same amount of money that flows into the federal treasury from Ontario should flow out of the federal treasury directly to Ontario or to Ontario's taxpayers. Ontario residents, like the residents of all other provinces, benefit from being part of the great national federation.

Senator Grafstein: But in fairness to the public debates in the country, other premiers have been raising the question of economic federalism and the benefits back and forth that flow from economic federalism. Honourable senators from Ontario would like to know what percentage of those total dollars that flow from Ontario flow back to Ontario, particularly in these times of economic need.

Senator Murray: Honourable senators, I would not want to provoke honourable senators from other parts of the country by going back to the time of Confederation and discussing the benefits that the national policy has brought to Ontario and to the industrial heartland of Canada over the years. This is not an argument that will get us very far.

My only point in response to Senator Marsden was that federal payments under the Canada Assistance Plan had been increasing from 1985 to 1990 at an average of 17.5 per cent per year, and this was not a rate of increase that could be sustained for very long.

Senator Grafstein: I will not belabour the issue, but economic federalism and the Confederation covenant was changed by this government in terms of the free trade agreement. Part of the Confederation argument that sustained a protection for Ontario was removed when the government decided to enter into a free trade agreement with the United States.

Senator Murray: Honourable senators, the free trade agreement is two years now in operation.

Hon. Philippe Deane Gigantès: And 500,000 thousand jobs have been lost!

Senator Murray: It is an agreement that will be phased in over 10 years. If Senator Gigantès and others simply want to come in here to echo the arguments of Ms. Maude Barlow and others, that is their privilege. But Ontario, as much as if not more than most parts of the country, has a vital stake in the restructuring and the revitalization of the Canadian economy and in freer trade, which throughout history has always meant for increased real incomes for everyone involved.

Hon. Peter Bosa: Honourable senators, I have a question from a different perspective. The honourable gentleman stated that the transfer payments to the Canada Assistance Plan grew at a rate of 17.5 per cent, which, I agree with him, is a substantial increase. But what about the other side of the ledger? How many refugees flow to Ontario? How many new clients does the government have to cater to that join the ranks on a daily basis? What is the 5 per cent relationship to those needs?

Senator Murray: The honourable senator should be careful about that argument. It is a fact that increases in the number of refugees do impose added costs on governments during certain periods of time, but it should not be assumed that all of the refugee claimants are welfare recipients.

• (1530)

Senator Bosa: Senator Marsden cited some figures that were pretty staggering.

Senator Murray: I agree.

Senator LeBlanc: This government is not staggered by anything.

Senator Gigantès: Not by compassion, anyhow.

Hon. Douglas D. Everett: Honourable senators, I recall that this matter was before the courts sometime ago. I was not present for the debate on second reading and the issue may have been dealt with at that time. If so, I apologize, but I wonder if the government leader could bring me up to date on how this legislation impacts on the court action that was brought by, I believe, British Columbia, Alberta and Ontario. If I recall it was a constitutional argument that the government did not have the right to cap the Canada Assistance Plan payments.

Senator Murray: Honourable senators, I think the Supreme Court of Canada reversed the decision of the British Columbia Court of Appeal on that matter.

Senator Everett: So the issue has been settled by the Supreme Court?

Senator Murray: Yes.

On motion of Senator Hébert, debate adjourned.

TRANSPORT AND COMMUNICATIONS

MOTION TO AUTHORIZE COMMITTEE TO STUDY SUBJECT MATTER OF BILL C-62—VOTE DEFERRED

On the Order:

> Resuming the debate on the motion of the Honourable Senator Lynch-Staunton, seconded by the Honourable Senator Roblin, P.C.:
>
> That the Standing Senate Committee on Transport and Communications be authorized to examine the subject-matter of Bill C-62, An Act respecting telecommunications, in advance of the said Bill coming before the Senate or any matter relating thereto.

Hon. Royce Frith (Leader of the Opposition): Honourable senators, I wants to have these comments apply to this motion on Bill C-62 as well as to the motion on Bill C-48.

We last dealt with pre-study in a substantive way on October 23, 1991 when the government used its majority to refer the subject matter of Bills C-4, C-19, C-28 and C-34 to the banking committee. I will come back to those particular bills.

First let me deal with the statements made by the Deputy Leader of the Government in support of his two motions—I take it that his comments apply to both of them. First he set up some criteria that I was not familiar with. He said in part with regard to Bill C-62:

> The bill that we are talking about meets the requirements and conditions for pre-study.

[Senator Murray.]

I do not know where he got those requirements and conditions for pre-study. In any event, he went on to say that the requirements and conditions are as follows, so I take it that they are the "Lynch-Staunton criteria":

> It is highly complex and legible.

That cannot be right.

Hon. John Lynch-Staunton (Deputy Leader of the Government): It should be "technical".

Senator Frith: He goes on:

> It is written in a language that sometimes is difficult to understand at first sight,—

That is criterion No. 2. There are lots of people who would say that that would go for anything in English.

> —and it covers a topic of extraordinary importance—telecommunications.

Those are his criteria. He also establishes as a doctrine—which we can call the "Lynch-Staunton doctrine"— the following:

> The Senate is here to improve on legislation at the earliest stage possible, especially when there is legislation of a highly complex nature such as this bill.

I know of nothing in the Constitution that says that, but nevertheless that is the "Lynch-Staunton doctrine." He said:

> —when dealing with complicated legislation, it is consistent with parliamentary tradition that the Senate committees give particularly careful consideration to such measures as to refer the subject matter to a committee in advance.

That is in reference to something I had said earlier, and I will make a comment about that also.

I believe, honourable senators, that Senator Lynch-Staunton is confusing his job with the job of the Senate. I remember when I sat in his chair, I saw my job just as he sees it, namely to get the legislation through the Senate. I saw my job as getting the Senate out of the way as quickly as possible and getting the government's legislation through.

Senator Simard: Are you telling us that you were wrong then?

Senator Frith: No, not yet, not on this subject; not at all. That is his job. That was my job when I was there. I was not wrong then. He is not wrong now. We were neither wrong, then nor now.

Senator Barootes: That was easy enough to do with a three-to-one or four-to-one majority.

Senator Simard: So you were right then; you are right now; you are always right.

Senator Frith: No, I am not always right.

Senator Simard: You are riding the fence again.

Senator Frith: You have it wrong again. You are confused as to who is right and who is wrong. Senator Simard has it wrong. Let me say it again, because he is a slow learner.

Senator Simard: You will have to do better than that.

Senator Frith: On the subject of the Deputy Leader of the Government in the Senate, it is his objective to get the government legislation through the Senate as quickly as possible. That is his job. It was my job when I was there, but it is not the job of the Senate. That is where Senator Lynch-Staunton is wrong.

Let us come to those bills that we referred to the Banking committee sometime ago for pre-study. We opposed the motion for reasons that had been placed on the record a number of times. Our position has not changed. If anything, it has been reinforced by what subsequently occurred with respect to those bills dealing with financial institutions.

Senator Barootes: It is the "MacEachen doctrine" that you are speaking of.

Senator Frith: No, I am not.

Senator Barootes: Yes.

Senator Frith: You are not paying attention. It is very difficult; we have to keep repeating. Now we have to get it straight for Senator Barootes.

Senator Barootes, we are now talking about what happened to Bills C-4, C-19, C-28 and C-34, the last time we did pre-studies.

Senator Barootes: Prior to that we had no pre-studies under the "MacEachen doctrine".

Senator Frith: He nods, but I doubt that he really understands. However, I will go on.

These bills were given first reading on December 10, 1991. They were all given second reading and referred to the Banking committee on December 12, 1991. On the following day, December 13, 1991, they were all reported out of committee and given third reading. Three days; four bills. Three days for more than 1,300 pages of very complicated law dealing with banks, trust companies, insurance companies and cooperatives; all would meet the "Lynch-Staunton criteria".

What happened in committee on December 12, 1991? The committee met a 5:03 p.m. and 51 minutes later completed its formal examination of these more than 1,300 pages of legislation, recommending that they be passed without amendment. Four bills, 1,300 plus pages, 51 minutes. That might be a world record.

Senator MacEachen: Requiring pre-study.

Senator Frith: You will recall that during the GST study the government leader raised a question of privilege on the grounds that the Banking committee had not conducted a clause-by-clause examination of the bill, which by coincidence was also numbered C-62.

On September 26, 1990 Senator Murray cited approvingly Citation 763 of Beauchesne's Fifth Edition, which reads:

> The function of a committee on a bill is to go through the text of the bill clause by clause and, if necessary, word by word, with a view to making such amendments in it as may seem likely to render it more generally acceptable.

"Clause by clause, word by word", Senator Murray argued. In 51 minutes I doubt the committee had time to go page by page or even part by part. Did the staff even have time to bring into the committee room enough copies of the four bills for all members? They would have needed a wheelbarrow. Those are mostly matters of particularity rather than principle.

● (1540)

When we debated the motion to refer the subject matter of those four bills to committee, Senator Everett said that although he was not opposed to pre-study in principle and had not been so opposed, he nevertheless opposed the motion because, and I quote:

> Pre-study has become a manner of getting Senate interference out of the way.

That is the Lynch-Staunton objective, but it is not the proper constitutional objective of the Senate.

Senator Everett argued:

> What started out legitimately . . . has now become a system of shunting the Senate aside . . . pre-study has become an emasculation of the sovereign rights of this body.

That was at page 491 of the *Debates of the Senate*, October 23, last year.

We now have a motion before us to authorize the pre-study of Bill C-62 and C-48. C-62 was given first reading in the House of Commons on February 27, 1992. Not only has it not been referred to committee in the other place; it has not even been brought forward for second reading. The government thinks so little of the bill that it has not bothered to find time to move the second reading motion; yet it cracks the whip at the Senate, and the members opposite start jumping to do the government's bidding. After witnessing this embarrassing display, it is hard to argue with Senator Everett's choice of the word "emasculate".

Well, when it comes time to vote, and the government supporters rise with their wrenches in hand to go for the loosening and eventual dismantling of what the constitution establishes as the role of the Senate, we will vote against it. We will vote against this pernicious process for reasons both of particularity and principle.

I mentioned earlier that Senator Lynch-Staunton had said that I had previously spoken in favour of pre-study. I agree now with Senator Everett—and I have said before that I do—that it has now developed into a process, or, as Senator Everett describes it, an emasculation of the role of the Senate under the Constitution.

I have quoted on previous occasions what H. L. Mencken, that great cynic and agnostic, said in similar circumstances. When asked what he would do, if when he died the first thing he saw was Jesus and the twelve apostles before him, he said:

> I would say, "Gentlemen, I was wrong."

Hon. Finlay MacDonald: Honourable senators, I have a few words of comfort for Senator Frith. Some years ago I was a

strong advocate of pre-study, and I have moderated my view somewhat. I do believe in the general conditions which Senator Lynch-Staunton set down for the pre-study of a bill, but I have also come to believe that the consecutive study of bills is a tradition and it should not be set aside.

I am constantly surprised that, when the curfew was placed on pre-study a few years ago, nobody on that side seemed to defend the occasion when pre-study might be considered necessary. There was a total unanimity in opposition to pre-study. It seemed to have happened overnight.

With regard to the four bills which you referred to, Senator Frith, I totally agree with you. I cannot see four bills of that nature being referred to pre-study and finished in a day or two days. I think that is a mistake. I regard pre-study as a wonder drug. You do not use it for a cut on your finger; you use it when you have a hole in your chest. Otherwise, you develop an immunity to it.

Surely a case can be made in this place that under certain circumstances a bill as complicated as the Telecommunications Act could stand some scrutiny by a thoughtful committee. I might add that, from my brief experience with it, committees have a lot more freedom sometimes to suggest amendments, cause amendments, make observations, influence a minister. It is not taking away anything from the eventual power of the Senate to refer the matter to a committee once the bill has come to the Senate. Surely an argument can be made under certain circumstances that certain bills require a detailed week-after-week, month-long examination of the subject matter of those bills.

Senator Frith: Why in advance, though?

Senator MacDonald: Why not?

Senator Frith: Because of the fact that the Constitution was set up that way. That is why.

Senator MacDonald: No. It is because of the fact that during that period of time a great deal of useful work can be done in matters of amendments. The committee is free in a pre-study in a way in which they are not necessarily free when the bill is referred to a committee after it has received second reading. I know of examples of that type. I really cannot understand why there has been such an adamant attitude toward pre-study since the famous year in which the practice was discouraged.

I have admitted that my original attitude has moderated somewhat, but it has not disappeared. I am quite prepared to make an argument for the pre-study of a bill that clearly deserves pre-study, and I think, frankly, that any request for pre-study should stand out. If you do not like Senator Lynch-Staunton's conditions, I think there are others that can be added.

Senator Frith: Should the House of Commons pre-study Bill S-8? It is complicated. It is quite long.

Senator MacDonald: I do not think it is very complicated, with all due respect. That is as far as I wanted to go. I wanted to agree with you on the matter of the four bills to which you referred, and I wanted to admit that my previous support of pre-study has moderated. However, I do believe there is a case to be made for certain important bills, and I think under those particular circumstances any chairman that enthusiastically recommends the examination of the subject matter of a bill should be held accountable, if he is responsible for bringing in a bill and then, in a casual, frivolous way, brings back a pre-study in a day and a half or two days. That just defeats the whole purpose of it.

I certainly support the motion of Senator Lynch-Staunton in this instance.

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, before we decide on this, I would not want the impression left on the record that the committee , if it held any meetings at all on these bills, met for only 52 minutes. In actual fact, pre-study took place for two days, and the report of the committee on its pre-study efforts is in the *Debates of the Senate*, November 28, 1991.

I would also like to refer honourable senators to some comments made by the deputy chairman of the committee, Senator Kirby, during third reading debate on December 12, 1991, when he said:

> There are really two things that I think honourable senators ought to note about the bills which are before us today. The report of the committee was tabled in this place on November 28. It contained a total of 16 proposed amendments to the package of four finance bills.

That is the value of pre-study—

> Twelve of those 16 amendments, or 75 per cent of the proposed amendments, were in fact adopted by the government.

Finally, in his last comment, he said:

> Frankly, it is a tribute to members on both sides that we were able not only to come up with a unanimous report but with a report which was sufficiently solid that three-quarters of our recommendations were accepted by the government.

That is the deputy chairman of the Banking committee, Senator Kirby, on the value of pre-study.

● (1550)

Senator MacEachen: May I ask the deputy leader whether these amendments were accepted within the Senate committee?

Senator Lynch-Staunton: Yes, they were, senator.

Senator MacEachen: Surely, even with the authority that Senator Kirby can establish for himself, that does not confer a merit that could not equally be achieved on a study of a bill after it has received second reading? I agree that it is nice to have amendments, but these amendments could come in the normal course. I am glad, however, that the answer was not that we sent the amendments over to the House of Commons and they made them; at least that evil was avoided.

The Hon. the Speaker *pro tempore:* Honourable senators, it was moved by the Honourable Senator Lynch-Staunton seconded by the Honourable Senator Roblin:

> THAT the Standing Senate Committee on Transport and Communications be authorized to examine the subject-matter of Bill C-62, An Act respecting telecommunications, in advance of the said Bill coming before the Senate or any matter relating there to.

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

Some Hon. Senators: Yes.

Some Hon. Senators: No.

The Hon. the Speaker *pro tempore:* Will those honourable senators in favour of the motion please say "yea"?

Some Hon. Senators: Yea.

The Hon. the Speaker *pro tempore:* Will those honourable senators who are against the motion please say "nay"?

Some Hon. Senators: Nay.

The Hon. the Speaker *pro tempore:* In my opinion, the "yeas" have it.

Senator Frith: They always do, no matter what they say.

Senator Molgat: Mr. Speaker, we asked for the "yeas" and "nays" for a recorded vote, but there will be a request for a deferral.

[*Translation*]

Hon. Jacques Hébert: Mr. Speaker, according to the Rules of the Senate, I ask that the vote be deferred until tomorrow.

[*English*]

Senator Molgat: Can we have an understanding that if the whips agree to an earlier time than 5.30 p.m., that would be agreeable?

The Hon. the Speaker *pro tempore:* If the two whips can have an entente, the vote will be taken before 5.30 p.m. Is it agreed, honourable senators?

Hon. Senators: Agreed.

[*Translation*]

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

SEVENTH REPORT ADOPTED

The Senate proceeded to consideration of the seventh report of the Standing Committee on Internal Economy, Budgets and Administration (Standing Senate Committee on Banking, Trade and Commerce—proposed expenditures), presented in the Senate on March 19, 1992.

Hon. Thérèse Lavoie-Roux: Honourable senators, I move that this committee report be adopted.

Motion agreed to and report adopted.

[*English*]

MOTOR VEHICLE SAFETY BILL

SECOND READING—ORDER STANDS

On the Order:

> Resuming the debate on the motion of the Honourable Senator Oliver, seconded by the Honourable Senator Di Nino, for the second reading of Bill S-8, An Act to regulate the manufacture and importation of motor vehicles and motor vehicle equipment to reduce the risk of death, injury and damage to property and the environment.

Senator Molgat: Perhaps I may ask the Deputy leader of the Government, is it not the intention to proceed today with Bill S-8?

Senator Lynch-Staunton: Unfortunately, the mover of the bill is not present, so that order has been stood.

Order stands.

[*Translation*]

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

CONSIDERATION OF EIGHTH REPORT—DEBATE ADJOURNED

The Senate proceeded to consideration of the eighth report of the Standing Committee on Internal Economy, Budgets and Administration (Special Joint Committee for a Renewed Canada—expenditures), presented in the Senate on March 19, 1992.

Hon. Thérèse Lavoie-Roux: Honourable senators, I move the adoption of this report.

[*English*]

Senator Stewart: Honourable senators, I wonder whether the Senate could be given some additional information, in either a formal or informal fashion. There is an item for "professional and other services, $644,000." Who was engaged? Were these retired judges of the Supreme Court? Obviously, these are well paid persons. Could we have a breakdown on that item, not necessarily now but in some convenient form?

[*Translation*]

Senator Lavoie-Roux: Honourable senators, this information was given to the Committee on Internal Economy, Budgets and Administration.

From memory, I can tell you, for example, that Roger Tassé was among these professionals. André Raynauld did economic studies and Mr. Purvis was also an economist. I can tell you that we did not think the total amount of $644,000 would be spent. We will have to come back with more information when all the accounts are in.

We will then be pleased to provide Senator Stewart with a final list of individuals who were paid to work for the Special Joint Committee for a Renewed Canada.

[*English*]

Senator Stewart: I am sorry, I am not sure that I heard the honourable senator correctly. As I understand it, she is now telling us that the $644,000 may not be the total required to pay for professional and other services and that when the total is available to her committee she will give us a breakdown of those who supplied the professional and other services, together with the amount of remuneration paid to each such individual.

Senator Lavoie-Roux: Exactly. What I said is that it is unlikely that the whole amount of $600,000 will be spent. I suppose we all hope so. But in any case, when the final data is given to us, I would be glad to convey it to Senator Stewart with the names and the amount of money being spent on each of them. I hope that is convenient?

Senator Stewart: That is satisfactory.

On motion of Senator Molgat, debate adjourned.

[*Translation*]

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

CONSIDERATION OF NINTH REPORT OF COMMITTEE—DEBATE ADJOURNED

The Senate proceeded to consideration of the ninth report of the Standing Committee on Internal Economy, Budgets and Administration, presented on March 19, 1992.

Hon. Thérèse Lavoie-Roux: Honourable senators, I move that the ninth report of the Standing Committee on Internal Economy, Budgets and Administration be now adopted.

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

On motion of Senator Molgat, debate adjourned until next sitting of the Senate.

● (1600)

[*English*]

SPECIAL JOINT COMMITTEE ON A RENEWED CANADA

CONSIDERATION OF REPORT—DEBATE CONTINUED

On the Order:

> Resuming the debate on the consideration of the Report of the Special Joint Committee on a Renewed Canada, dated 28th February, 1992 (Sessional Paper 343-416A).

Hon. Allan J. MacEachen: Honourable senators, I draw upon the memory of the Senate to remind that an agreement was made last time with respect to time, from which I hope to benefit before I finish.

I do not intend to cover all of the elements of the committee report. The elements which I will omit are, nevertheless, as important, such as aboriginals and the distinct society, to mention only two of the elements with which I will deal. My comments will be directed to the reaction to the report, to the division of powers and to the process itself. I will make some passing references to the economic union, the common market and the council of the federation.

The two most difficult areas are, not surprisingly, the division of powers and the Senate, which is why I chose them for treatment.

At the moment, we do not know the precise status of the report of the committee. It may have passed into history, overwhelmed like its predecessor, the Charest report, by initial negative reaction. The Prime Minister's assessment of the report as the most generous and substantial in 125 years did not deter Mr. Bourassa's evaluation of it as too vague and flawed by a domineering federalism; a disapproving conclusion of the National Assembly in an almost unanimous vote; and a pronouncement from Mr. Masse that the report would not sell in Quebec; it did not contain enough in the way of powers for Quebec.

It should be stated that committee members, for reasons of stated policy on the part of the Quebec authorities, were unable to hear directly the views of either the Government of Quebec or the committees of the provincial assembly. Accordingly, we had no direct opportunity to assess what was required precisely to please, satisfy or meet the demands of Quebec.

The Allaire report was mentioned frequently, and usually associated with an opinion that it was not to be taken as a reliable guide, owing to the impression that the Quebec government itself does not view the Allaire report as realistic.

Despite this shortcoming, we were not without strong expressions of a Quebec viewpoint led by our colleague and chairman, Senator Beaudoin, who purported—and I believe justifiably so—to be able to help us in understanding what Quebec wanted. He was not alone. Representatives from Quebec, senators and MPs who sat on the committee from the three political parties, were forceful in putting forward the Quebec viewpoint. Committee members as a whole, not only the members from the Province of Quebec, struggled with the reality of a Quebec referendum.

The litmus test was whether the report would be a basis for a winning referendum in Quebec on the federalist option. That test was pursued quite consistently, at times to the exclusion or the downplaying of other valid considerations.

The committee understood very well that part of its task. It was to reach out to Quebec. It was to accommodate. It was to send strong signals to Quebec. It was especially to recognize Quebec's distinct society and to ensure that Quebec had the means to maintain and strengthen its language and culture.

It is difficult for me to understand why the negative reaction so quickly to the contents of the report, particularly in view of the strong input on the committee from those who had direct knowledge of what exactly were the viewpoints of the Province of Quebec.

However, the reaction was not all negative. We had a contrary view from Mr. Jean-Pierre Blackburn, MP, who, throughout the hearings, even exceeded the zeal of Mr. Phillip

Edmonston in pressing forward the Quebec point of view. Mr. Blackburn described the committee report as a "masterpiece".

The adverse reaction, however, may not be the full reality. Perhaps the adverse reaction is more related to other factors than it is to the contents of the report itself. The full reality can only be uncovered by an examination of the report itself, the process itself, culminating in the contents of the committee report, and beginning with the release of the government's proposals entitled "Shaping Canada's Future Together".

The mandate of the joint committee was to examine and report on the proposals of the government. The committee went beyond that mandate. Not only did the committee deal with the proposals of the government, it added new proposals of its own, enriching the package offered by the government, especially under the division of powers. I did not personally like that expansion of items not recommended by the government, not solely for technical reasons, but mainly for substantive reasons.

The second part of the document "Shaping Canada's Future Together" was entitled "Preparing for a more Prosperous Future". That description was a misnomer because, instead of prescribing for a more prosperous future, it really contained a series of proposals having to do with the rearranging and the reorganizing of how power is to be exercised by the senior levels of government. It is impossible to evaluate the significance of the report without examining the proposals under this heading, and even more importantly how they were dealt with by the committee.

Bear in mind, when these proposals were first made, they were generally regarded as decentralizing.

● (1610)

Some very reliable people saw them as a significant shift of power to the provinces. If that decentralist flavour existed in the government proposals, it was certainly enriched by the committee, and that enrichment was undertaken mainly to accommodate Quebec's wishes.

The single new power sought by the federal government, that is, a power to make laws for the efficient functioning of the economic union, did not survive its critics. Some regarded it as a federal power grab, and some saw it as constitutionalizing the Conservative economic agenda. For others who were prepared to go along—that included myself—it appeared as hollow inasmuch as it could only be enacted and implemented with a provincial consensus equivalent of that required for a constitutional amendment. However, the federal wish to have a new power to manage the economic union fell by the wayside.

As that proposal fell by the wayside, the Council of the Federation, whose function would be to implement decisions and vote on proposed legislation under the proposed new head of power, got such rough treatment at the Halifax conference on the division of powers that it too fell by the wayside and disappeared from sight. Therefore, the federal attempt, regarded as feeble by some and aggressive by others, to claim a new defined role in the management of the economy, was totally frustrated. At bat in the power game, the Government of Canada scored a zero. Let me emphasize, because I think it is important, that the federal government gained no new power for itself through the process, and, generally, there was little interest among members of the committee in adding to federal powers.

The proposals for a Canadian common market to be achieved by the free movement of labour, capital, goods and services across provincial boundaries without undue restraint was approved by the committee, as it ought to have been. It is surprising that even this proposal, which was not a conferring of new power on any government but a restraint on the actions of government, had its many critics.

With those items out of the way, I should like to turn to the proposals that were intended to enhance the role of the provinces, their freedom of action and their power. There are two categories to be dealt with. The first includes training, immigration, culture and broadcasting. The second category includes tourism, forestry, mining, recreation, housing, municipal and urban affairs. These six items or areas came to be described as "the six sisters", members, as we were to learn later, of a rapidly expanding family of powers.

With respect to the first category, namely training, immigration, culture and broadcasting, the committee built upon the bare bones of the original proposals by describing and detailing possible new regimes of administration and finance. That task was not particularly easy, especially with regard to manpower training and culture, because questions of one's vision of Canada and the nature of federalism had to be faced head on.

In this connection, the overwhelming conclusion of the Halifax conference in favour of a strong central government and against any general devolution of powers to the provinces is most relevant. It was rather striking that at that conference there was absolutely no sympathy for a weakening of the national government in favour of a strengthening of the provincial governments. The contrary was the case; namely, to preserve the strength of the national government.

In that connection, a further opinion of the conference is also relevant, and it was that a means had to be found to accommodate the needs of Quebec within the context of a strong national government. It is within the context of this philosophy, namely, no general devolution of powers to the provinces and the desire to accommodate the special needs of Quebec, that we can make sense of the methods chosen by the committee to deal with the proposals already mentioned.

As you probably know, with respect to manpower training, the recommendation of the committee is that any province, by an act of the legislature, can opt in, so to speak, affirm its exclusive jurisdiction in this field, and subsequently negotiate an agreement with the federal government which would clarify the responsibilities of each level of government and establish a regime for the exercise of the federal spending power.

Through such an agreement, it is expected that Quebec, for example, could attain its full objectives in the manpower field. The key here, of course, is the extent to which the Government

of Canada modifies its activities, withdraws from the manpower field, and restrains its use of the spending power.

What we can say through this recommendation on manpower is that a door has been opened enabling any province to seek and achieve an enhanced role for itself in the manpower field. We can also say that every province which wishes, through an act of the legislature, can choose the same option and achieve its objectives.

That is a bit of detail on manpower. Similar steps were taken in the field of culture and broadcasting. Present arrangements for immigration are recommended for protection against unilateral amendment.

Members of the chamber who wish to do so can get a glimpse of the sweeping character of the recommendations of the committee on culture and broadcasting by going to the detail in the report at pages 77 to 80; but perhaps culture deserves a few special words.

In summary, and for Quebec alone, it is proposed that there be a constitutional amendment that would provide for exclusive provincial jurisdiction in the field of culture; that a subsequent agreement can be signed in which the respective roles of the federal and provincial governments would be defined, and in which would be stated the ability of the provincial government to make direct grants to individuals and organizations in the field of culture, by which the province could be compensated for these activities from which the federal government has withdrawn; and the aspirations of Quebec are expected to be achieved in a much better way through this method than heretofore.

I should mention that the original proposals of the government did not call for a constitutional amendment of any kind. The proposals simply offered to any province an agreement on culture in which would be defined the respective roles of the two governments.

Hon. Lowell Murray (Leader of the Government): An agreement which could be entrenched in the Constitution?

Senator MacEachen: Yes, that is correct.

● (1620)

The committee advanced that idea further by suggesting a constitutional amendment along the lines that I have suggested. The Government of Canada did not recommend the constitutional amendment on cultural affairs. That suggestion is the creation of the committee, as is the withdrawal of the original proposal to negotiate cultural agreements with all interested provinces. The committee states that it would be premature at this stage to negotiate cultural agreements with any other province except Quebec, so that there is prescribed a singular regime in the field of culture, a constitutional amendment, and a subsequent agreement.

I should say that these new proposals on culture were advanced quite late, well after the full committee and the drafting committee held their final business meetings, coming to my attention as a Liberal member of the committee on February 24. The deadline for the report, as we remember, was February 28.

[Senator MacEachen.]

Our work was further complicated by the last-minute addition of regional development, energy, and family policy, which appeared as three new sisters to be added to the previous list of six. Inland fisheries and personal bankruptcy were also late arrivals on the agenda. These were recommended to be made concurrent powers with federal paramountcy and were to be managed by intergovernmental agreements similar to those already implemented or proposed in the field of immigration.

It is clear to me that neither the committee members nor the public at large had an opportunity to examine the implications of including these five additional fields, namely, regional development, energy, family policy, inland fisheries, personal bankruptcy. The inclusion of such important fields as energy and regional development, at this stage, came as a complete surprise and certainly shocked Liberal members on the committee.

Senator Murray: Your dissent on regional development, for example, was not with a view to maintaining the status quo, as I understood it. Your dissent was in favour of paramountcy for the provinces in regional development, a shared regime.

Senator MacEachen: The dissent was to consider making regional development a concurrent power with provincial paramountcy. I believe that was the suggestion.

Even with that, given my own personal point of view, I did not feel there was time available to make a thoughtful recommendation on regional development—

Senator Murray: I thought it was quite good.

Senator MacEachen: —whether they were to be included among the so-called six sisters or the nine sisters or in any other category.

As I was saying when Senator Murray raised his question, you will have noticed that I have been discussing 15 fields of governmental activity which are, or will become, the subject matter of intergovernmental agreements, outlining in concrete terms ways by which one or more provincial governments can increase the exercise of powers.

In the field of broadcasting, a proposed agreement would bind the CRTC, would deal with the issuance of new licences in the provinces, would prescribe language-related content requirements, and the desirable balance between private public, special interests, and community broadcasts. This is a possibility that, hitherto, provinces have never exercised. We, of course, on the Liberal side registered a dissent on this point because we did not believe that the CRTC should be bound by the terms of any such agreement.

In the fields ruled by concurrency, immigration, inland fisheries and personal bankruptcy, the existing agreement—such as that, presumably, on immigration—can be used as a guide to determine ways and means whereby provincial requirements might be satisfied in inland fisheries and personal bankruptcies.

The committee report lays out for all to see the set of principles which should guide governments in establishing a future regime in the remaining 11 fields: Culture, manpower training, and the now nine sisters: tourism, forestry, mining,

recreation, housing, municipal urban affairs, regional development, energy, and family policy.

Such a new regime would carry out the intention of the government, which was as stated in its proposals: "..to recognize the exclusive jurisdiction of the provinces" and "..how best to exercise its own responsibilities in a manner appropriate to the sector".

As to the guiding principles that would, as it were, reflect themselves in these agreements to be negotiated or proposed for at least seven fields of governmental activity, they appear to me to be the following. They are, in my view, quite significant. They certainly break new ground.

They are: Provincial leadership and provincial authority to control the initiation, design and delivery of programs in each field; withdrawal by the federal government from all or part of its activities; appropriate financial compensation by the Government of Canada to the province affected; future use of the federal spending power is to be conditional upon provincial consent; clarity now will inhibit the federal government initiatives in the future; and agreements reflecting these principles would be constitutionally effected.

The principles that I have outlined are not associated with each and every field of activity as outlined in the report, but it does not require much imagination to know that they will be the principles that will be invoked when such agreements are proposed in any of these eleven fields that I have mentioned. Of course, the objective is to bring about an attenuation of federal activities and federal spending in these fields.

Senator Beaudoin himself acknowledged that these ideas are a major assault on the federal spending power. That is what this exercise is principally about in all these fields. It is to restrain, through agreement, the activities of the federal government.

● (1630)

While on the subject of federal spending power, I should state that the proposal of the government on Canada-wide shared-cost programs and conditional grants was rejected and replaced by a version resembling the Meech Lake formulation in which appears, instead of "national standards", the still troublesome phrase "meeting national objectives".

Senator Murray: I do not like to interrupt so frequently, but of the nine sisters, as the honourable senator calls them, how many, if any, would be under exclusive federal jurisdiction? Most of them, including family policy, municipal affairs, housing, mining and energy, are already, at least in large part, within the provincial jurisdiction under our Constitution.

Senator MacEachen: That is quite clear and it is made clear in the government proposals. One asks oneself why the federal government chose all these fields of activity which were, in the main under the law, fields of exclusive provincial jurisdiction. The answer, of course, is that they are fields in which the federal government is very active through the use of the federal spending power and that the purpose of putting them forward in these proposals, at least as I interpret the intention of the government, is to achieve a considerable federal withdrawal of activities in these fields, particularly in the province of Quebec. That is certainly the interpretation that is clear from the committee report and that is clear from the discussion.

Senator Murray: There are other ways of putting that.

Senator MacEachen: Yes, there are other ways. Instead of the federal government's restraining its spending power, one can say that one must fully respect the exclusive provincial jurisdiction. But the reality is that the Government of Canada, through the spending power, has a full right to be active in these fields, and it has so been proclaimed by the courts. That is the reality.

Senator Murray: "Full exercise" is inconsistent with "the division of powers". That is a matter for interpretation.

Senator MacEachen: That is not just Justice Dickson speaking, I trust.

I can understand and fully accept what Senator Murray has said, that these are areas, in the main, of provincial jurisdiction, but they were chosen as the principal proposals by the Government of Canada and the committee, given this mandate, attempted to try to make some sense of them in terms of the evolving opinion that we met, both at the conferences and before the committee, taking into account what seems to be a very strong attitude in Canada at the present time that there should not be a general devolution of powers to the provinces. There was only occasional support for that. I think that Senator Beaudoin acknowledged that in his report.

I should say a word on other proposals that Senator Beaudoin has mentioned. On the residual power the answer of the committee is no. On the declaratory power the answer is divided. On interdelegation the answer, though positive, is replete with safeguards suggesting considerable apprehension on the part of members of the committee with respect to the concept of interdelegation.

What is my opinion about these proposals on powers? I think they go very far. And it may be, when they are all taken together, that they have gone too far and they may have overloaded the system at the present time, because they do have considerable implications for the reorganization of the exercise of power, including the spending power, and they have not only financial but political implications.

It may be that they have not yet sunk in. When they do sink in I think people will be more inclined to agree with the Prime Minister that the impact of this report is substantial than to agree with others who have stated that it is too vague. I have the further view that, because of the large number of areas chosen, and because of the variety of techniques suggested for the achievement of objectives, we have put an obstacle, unintentionally, in the way of having people easily understand what has been proposed.

In any event, what about the Senate? Insofar as the committee is concerned, it might as well have held its hearings on another planet, because the committee report failed to listen to the west and to the Atlantic, and it confirmed that in the Parliament of a renewed Canada, Quebec and Ontario will

continue to prevail even when vital regional interests are at stake. The committee failed in its task with respect to the Senate by recommending an elected, ineffective, inequitable Senate.

The Conservative members on the committee must bear the principal responsibility for this outcome. I must say that I was very surprised. It is no excuse to say that the NDP joined them in the conclusion. The NDP have come a long way in even contemplating the existence of a second chamber, let alone one with power. Until recently, members of the NDP could hardly utter the word "Senate" without foaming at the mouth.

The committee did not listen. It did not listen to what they heard in the east, in all the Atlantic provinces and in the west, and it did not listen to what it heard at the Calgary conference. The Calgary Conference on Institutional Reform supported the government's proposal that legislation, as a general rule, be approved by both the House of Commons and the Senate, and it opposed prohibiting the Senate from dealing with money bills or issues of national importance.

The Calgary conference went beyond the proposals of the Government of Canada. There were seven workshops at the conference and only one of them concluded that a suspensive veto would make the Senate sufficiently effective. There was an overriding consensus that the Senate must be effective so as to provide a strong voice at the federal level for regional interests.

What is surprising to me is that the Conservative members rejected the proposals of the government. They rejected the wish of the Calgary Conference which wanted more powers for an elected Senate than those recommended by the government. I cannot understand that outcome and, quite frankly, I do not. What I do understand is that the outcome has placed a major obstacle in the way of constitutional settlement if these proposals are pushed by the government.

● (1640)

The government originally proposed that an elected Senate should have the power to defeat all bills except those of particular national importance, which it could delay for six months but could not defeat. Appropriation bills and bills flowing from a budget were not to come to the Senate except, as stated later by Mr. Clark, bills concerning legislation such as the GST and the NEP which altered in a fundamental way the tax system. It was made clear in early testimony that the definition of appropriation bills would be narrow and include only those emanating from supply. Subsequently in his speech at the Calgary conference, Mr. Clark came down on the side of a narrow interpretation of matters of national importance, with the result, according to his analysis, that in the last three years only eight of 96 bills would be affected under the rubric of national importance, and most of these would not be of great importance. Eight would fall under the category of national importance and would, therefore be subject to a suspensive veto.

The process of the definition of appropriation bills and "national importance" was significant in widening the legislative scope of a new, elected Senate. In his Calgary speech Mr. Clark made the point as follows:

> The powers we propose are substantial. We have reviewed the bills that have come before the Senate over the last three years. There were 96. A Senate like the one we propose would have had a veto over almost 80 per cent of those bills, and an absolute veto over 70 per cent.

In other words, the Senate could have defeated 70 per cent of those bills. If it so wished, it would have the constitutional authority under the proposals made by Mr. Clark and the government. That is my commentary.

I go back to Mr. Clark, who concluded by saying, "Legitimize by democratic authority, that is real power." Well, Mr. Clark's real power expressed in the over 70 per cent and the absolute veto is now zero in the committee's recommendation, because the committee has totally removed the concept of an absolute veto. It is totally a suspensive veto. The House of Commons, in the words of Senator Beaudoin, will always have the last word.

Mr. Clark also spoke of the purpose of the Senate, which is to balance the weight of the most populated provinces. We have yet to be told how a renewed Senate, equipped only with a suspensive veto, can ever balance the weight of the most populated provinces because they, through their majority in the House of Commons, will always have the last word. Under this idea the new Senate could disagree, but it would be only temporary because the Commons would then say, "We want to decide this matter. We have heard you but we do not agree with you, and therefore we are going our own way."

In Calgary, having heard this analysis by Mr. Clark there, I asked for and was given detailed information that backed up his general assertions that the new Senate would have real power. I must say I was encouraged. I had thought that in his analysis the concept of a Senate with real power had come quite far. Nevertheless, I thought that there were certain things that had to be dealt with, including the ability of an elected Senate to have some role in tax, borrowing and supply matters. I was impressed with what Mr. Clark said at the Calgary conference. All the participants heard him and they said, "We want you to give more power to the Senate than you have proposed. We do not agree with the government that the Senate should have no role in taxing, borrowing and supply matters."

Now we have this major retreat by the committee, rejecting as it does Mr. Clark and the Calgary conference. I venture to say that no other major finding by a conference, whether in Halifax, Montreal or Toronto, has been rejected by the committee in the way it rejected the major findings of the Calgary conference on the question of Senate powers. That was a major finding. In Calgary, they wanted an elected Senate, an equitable Senate and an effective Senate with real power. That was overlooked. Of course, the committee has not helped the cause of Senate reform. It has given it a major setback.

In my opinion, the abolition of the Senate is now a better alternative than the kind of Senate described in the committee

report which, though elected, will have less power than the hereditary nonelected British House of Lords in a unitary state, and that is a fact.

In defense of its bizarre conclusions, I heard one committee member from the House of Commons state that even though the new Senate would not have effective legislative power in the Constitution, its status as a body of elected persons was bound to give it power. I am not convinced. I asked that member of the House of Commons to consider the plight of the 137 members of the opposition parties in the House of Commons at the present time. They are all elected. How much power do they have legislatively? Very little; none, I think, except when it suits the government. That is the way it has been and will be for a long time.

An elected Senate with a suspensive veto will join the ranks of the elected members of the opposition parties who, though elected, have their views consistently rejected by a government which disagrees with their views.

The purpose of an elected Senate giving power to the regions is to permit the regions to say no occasionally and to make it stick. Otherwise, why bother? That is my view. I thought we were getting there, but the committee gave us a big setback. I favoured an equal number of seats for each province in a new Senate. That was unattainable and I accordingly strove to come as close as possible to equality. That is why I and other Liberal members of the committee supported a distribution of seats for the provinces as follows: Four for Prince Edward Island, eight for all other provinces, except Ontario and Quebec with 16 each, and one each for the Yukon and the Northwest Territories, a total of 94 seats.

I regard all of the options outlined in the report as not so good, and I do not recommend certain of the options calling for a Senate of 154 members. It cannot be taken seriously. It can only be based on the assumption that if we are going to have an effective Senate with no real power, then its numbers can be greatly increased.

● (1650)

May I conclude, honourable senators, by saying a word about the process which we have all gone through and which we survived under the leadership of Senator Beaudoin. I think it is important to say a word about the process. Because of the deadline set by Parliament, the preparation of the report was telescoped into a limited time frame, causing the abandonment of reasonable procedures and their replacement by *ad hoc* and at times bizarre arrangements. The result was that a lot fell between the cracks, to say the least.

Upon conclusion of the final hearings in Ottawa, a group of members of the committee, consisting of representative of both houses and the three political parties and called the drafting committee, was charged with the responsibility of producing a final report for submission to the full committee. After several meetings of the drafting committee, it was clear that whatever progress could be made was being made. You had to be quite generous in making that conclusion. Whatever progress was being made was at a snail's pace and at the price of declining goodwill and increasing frustration within the drafting committee. Something had to be done.

The opposition members then said to the government members, "You produce the report, show it to us, and we will tell you what we think." That occurred about 11 o'clock on the night of February 19. That was a fateful decision, though necessitated, as I said, by the decline of consensus building within the drafting committee and the rapid approach of the deadline for the report. By that decision, we got on a merry-go-round, and we could not get off. From then on, neither the drafting committee as a whole nor the full committee ever met for the purpose of discussing the report or resolving the difficulties and differences which now abounded, not only within each party, but among the parties themselves.

The evolving draft text, which changed more rapidly than the weather system at Lake Ainslie, and which was kept in a central location for the purpose of preserving its confidentiality, could be received by members of the committee from the staff and examined on site by committee members. To avoid press leaks, no members of the committee could take the text out of the room. Nevertheless, faithful accounts of the evolving text regularly appeared in the press.

Well, I gave up very early on that arrangement. I did so following a full afternoon reading until almost 6 o'clock the then text, several hours' worth, only to be told later by my colleagues that my efforts were overtaken by a new text bearing the time of 5.45 of the same day. Another colleague, I think on the Thursday of the final week, called up at about 2.30, with the intention of reading the then text. He was advised, "Wait until 4 o'clock. We expect a new text by then."

Keeping informed in a responsible way on new substantive additions to the text was difficult enough. It was impossible in the time available to reach responsible judgments on the implications of adding, for example, regional development to the list of powers for which intergovernmental agreements could be negotiated, and involving, conceivably, a drastic limitation of the role of the federal government in such a politically sensitive field.

In these circumstances, the sole method of communication was through a single representative from each party who conveyed to the other parties the views and reactions of his colleagues to the evolving text of the committee report. The process ultimately ended up as three men in a room with legal advisors plus, I would imagine, the chairs of the committee.

I will just conclude by saying that the Liberal members held their final meeting as a group on Friday afternoon, February 28, at which we reached an agreement on all outstanding items and at which we discussed the main outlines of our dissent. Our final views were then conveyed by Mr. Ouellette, who, in continuation of his shuttle diplomacy to the other parties, did his best to have them incorporated into the final text.

We read on the following Monday, when the report was delivered to us, how well we had done. Our anticipation was somewhat similar to waiting to read the final chapter of a

mystery thriller, whose conclusion was to be revealed to us in the final paragraphs. Now, that is the process.

The committee, I think, as a whole met for the last time on the Thursday, February, 11, and the drafting committee on February 17, and the process from that time on was conducted *in camera* behind closed doors. The last meeting of the drafting committee occurred on Wednesday, February 19. The full committee met *in camera* on the evening of February 27, at which meetings copies of the then text were distributed, following which we departed to our respective eyries to read it.

That was Friday. On Thursday night we had met *in camera*. The report was distributed to us, and we all went off separately in party caucuses to read the report. Then late on Friday the committee met again to hear from the party representatives that agreement on essentials had been reached and reflected in a rough draft and deposited with the committee clerks. The work of drafting continued on until the wee hours of Sunday morning, causing a postponement of the final press conference until Sunday afternoon. The committee members were not engaged in this final stage; hence the anticipation of reading the final report was akin to reaching the dénouement of a mystery thriller.

I think that this unusual conclusion of a committee report, which was intended to add to the process of understanding throughout the country, had to be concluded in the manner I have described. It simply urges us all never to become associated with deadlines in the future.

In conclusion, I should say, honourable senators, that it is true, as Senator Beaudoin has stated, that there are substantial items on which we are all agreed. He said that we had 90 per cent unanimity. In my view, I think it is not possible to put a percentage description on the extent of our agreement. We did agree on very many important items. We did disagree on other items, including the Senate and the sharing of powers. It is surprising that, in the light of our final process, we achieved as much. In view of the limitation of the process used in preparing the report, it is not surprising that members of the committee have a tenuous attachment to certain ideas and perceptions appearing in the committee report.

● (1700)

However, I would like to conclude by saying that, in my view, it would be unfortunate if the committee report, the work and some of the insights that are contained therein were ignored and if they were categorized in one-line descriptions without those descriptions being backed up by a serious examination of the proposals. I have tried to do that in only two fields, namely the division of powers and the Senate, but there are other very complicated areas still not covered by what I have said.

I thank honourable senators very much for their indulgence.

On motion of Senator Lynch-Staunton, debate adjourned.

[Senator MacEachen.]

[*Translation*]

FISHERIES

FOREIGN OVERFISHING OF NORTHERN COD STOCKS—DEBATE CONTINUED

On the Order:

> Resuming the debate on the inquiry of the Honourable Senator Marshall, calling the attention of the Senate to the report of the Standing Senate Committee on Fisheries: The Marketing of Fish in Canada "East Coast Fisheries", dated December 1989; and specifically as it relates to the recommendations applicable to the present state of the fish stocks due to foreign overfishing—(*Honourable Senator Corbin*).

Hon. Eymard G. Corbin: Honourable senators, last week Senator Marshall made a speech that deserves warm praise, from every point of view. The senator deserves this praise because when he refers to the problems of the Atlantic fisheries, he speaks from the heart. He also expressed his concern for the future facing the fishermen of Newfoundland and Labrador, and whether this generation and future generations will still have a future in the fisheries.

This is because cod and certain groundfish stocks are, we might as well admit it, becoming endangered species. Granted, during the past twenty or thirty years—some people would even say the past century—these fish stocks have been subject to cyclical changes whose causes we have not always been able to identify. Even today, many scientists say there are environmental factors we know so little about, unlike the environment on the surface of this planet which they claim to know quite well. I am not so sure about that, however, when I listen to the morning weather forecast by Environment Canada, which is usually far off the mark, compared with what actually transpires.

However, certain forecasts are important, because figures can be extrapolated for the population of certain species of fish on Canada's east coast, and on that basis quotas can be set for deep sea and inshore fisheries.

Recent protests, as Senator Marshall reminded us, came after a drastic cutback in fish quotas for the current year. People were quick to blame overfishing by certain foreign countries and foreign fishing vessels, with Spain and Portugal as the main culprits. In addition to these two countries, which are bound by an agreement, it was said that Korea, Mexico and other countries that do not belong to the Northwest Atlantic Fisheries Organization, were also overfishing these fish stocks, especially cod.

I thought it was unusual and even a bit sad that Senator Marshall should call our attention to the report of the Standing Senate Committee on Fisheries, and more specifically, its report on the east coast fisheries, the third report, dated December 1989, to demonstrate once again, five years after certain witnesses testified before the committee, that nothing has changed and that as far as conservation is concerned, we have made no progress at all. Even worse, during that time a

number of ministers decided to completely ignore what experts had to say about a very serious situation.

For instance, we had a Fisheries Minister, Bernard Valcourt, who instead of looking at this with an open mind and accepting scientific evidence that cod stocks were at risk, treated the people who produced the Harris Report as a bunch of purists. He did not reduce cod quotas during the time he was Minister of Fisheries. Of course, this made him very popular with the owners of big trawlers. I imagine he was also popular with the captains of European and other fishing vessels, but in the long run, this led to the very serious crisis we have today, which has caused a general outcry, not only among fishermen on the east coast and plant workers in Newfoundland, especially, but throughout the political community in Atlantic Canada. The four Atlantic Premiers once again deplored the federal government's poor management of the coastal fisheries.

However, if the federal authorities had had the good sense to read and reflect on our 1989 report, they probably would have taken the necessary steps to prevent the depletion of our cod stocks. I may recall, with Senator Marshall, and I think this is extremely important, and it was also the focus of the arguments of the four Premiers, with the exception of the Premier of Prince Edward Island who refused to comment, but in any case, the Premiers of Newfoundland, Nova Scotia and New Brunswick demanded that the federal government act on its responsibility in this area. This is entirely in line with the recommendation no. 6 of the Senate Fisheries Committee, which appears on page 66 of our report. I will give you the quote in French, if you will bear with me, it is on page 66. Here is recommendation no. 6, which was a major recommendation:

● (1710)

> (6) That the federal government step up sanctions beyond port closures, which they had been doing, and the curtailment of preferential access to surplus fish stocks within the 200-mile limit to bring pressure on those countries that overfish the so-called straddling stocks.

Those are the stocks that go over the 200-mile limit established by Canada. The recommendation continues:

> The Prime Minister, the Secretary of State for External Affairs and the Minister of Fisheries and Oceans should develop a strategy to establish full functional Canadian fisheries jurisdiction over the whole continental shelf.

Honourable senators, I think that sooner or later Canada will have to extend its fisheries jurisdiction over the whole continental shelf, not only because some nations that adhere to the North Atlantic Fisheries Treaty do not follow the letter nor the spirit of this agreement, but also because those nations deliberately fish in an outright criminal fashion from an environmental and ecological point of view, in spite of being regularly reprimanded not only by Canada but by other nations who also fish in those waters off the Canadian coast. We are talking in particular about Portugal and Spain.

What can we do, given the lack of concern of those countries? The Premier of Newfoundland, Mr. Wells, has asked the federal government to send its armed forces. The Premier of Nova Scotia has made the same request. The Premier of New Brunswick has urged the federal government to exercise its full jurisdiction and to ensure that the international agreements and treaties are respected.

Unfortunately, the federal government seems to have been sleeping for five years. There has been this rather quick turnover of ministers in different portfolios who, unfortunately, do not know anything about fisheries on these East Coast of Canada. That is a fundamental problem.

We give this portfolio to incumbents who do not know anything and who are at the mercy of these so-called experts and of the political feelings in their region, and that is a serious mistake when you are faced with a critical situation such as that of the cod stocks on the East Coast.

So, the ministers keep changing; they go from one portfolio to another. But the Prime Minister of Canada remains in place. What has he done during this whole period?

He refuses to let our navy send a clear message to the Portuguese, the Spanish and the others who take advantage of the situation and overfish in a criminal fashion, as I said, thus jeopardizing the renewal of those stocks.

It seems to me that Senator Marshall's message was clearer. The political authority of the country, as well as the person who symbolizes this authority (I am not talking about the Queen or the Governor General; I am talking about the Prime Minister of Canada) must intervene vigorously, quickly and firmly to try to prevent once and for all these abuses in the field of fisheries.

Canadians themselves must exercise self-control—that goes without saying; they have often been reminded of it. Our report contained recommendations for better reporting and more accurate statistics.

Internationally, we must launch an offensive led by none other than the Prime Minister of Canada, the present incumbent and the one who will come after him.

I think that if the present Prime Minister is really interested in continuing to serve Canadians in the position of honour which we have entrusted to him, he must not react negatively by saying that we will not send destroyers and corvettes to teach a lesson to those engaged in criminal illegal fishing outside the 200-mile limit.

He must visit the leaders of those countries, Portugal, Spain and so on, sit down with their political leaders and tell them, "Listen, Canada has enough of being bothered by your fishermen. That's enough! You are endangering an ecological resource that is unique in the world's oceans, one that was exploited even before Canada's written history by Basque, Breton and Norman fishermen and by many others unknown to history.

It was talked about as an inexhaustible resource, in the same way as the passenger pigeons that darkened the sky and are no more today.

The Prime Minister of Canada, whoever he is, can take some glory from improving Canada's laws. He can improve its institutions. He can provide pensions and generous benefit programs for the less fortunate. But the Prime Minister of Canada who allows this extraordinary resource to die will have to answer to history.

For this reason, with Senator Marshall, the Maritime premiers, the fishermen and representatives of the factory and fish processing workers, I demand that the Prime Minister of Canada intervene vigorously, firmly and in sustained fashion as soon as possible, before it is too late.

Thank you, honourable senators.

On motion of Senator Petten, debate adjourned.

● (1720)

[*English*]

TIBET

THIRTY-THIRD ANNIVERSARY OF NATIONAL UPRISING—DEBATE ADJOURNED

Hon. Consiglio Di Nino rose pursuant to notice of March 18, 1992:

> That he will call the attention of the Senate to the thirty-third anniversary of the Tibetan National Uprising.

He said: Honourable senators, thank you kindly for allowing me to speak at this late hour. I will not be too long.

Honourable senators, Tibet, the mythical Shangri-la, was a free and independent nation until 1949 when the Chinese sent their powerful army to enslave these defenceless people.

On March 10, 1959, 33 years ago, these peaceful men and women, after 10 years of brutal and deceitful occupation, rose to protect their lives, their rights and their heritage, only to be unmercifully crushed by the Chinese army.

In the summer of 1990, I was privileged to have experienced this majestic jewel sometimes called the "Land of Snows". What was to be the most wonderful and fulfilling experience of my life turned out to be—yes—fulfilling and wonderful, but also sad, frustrating and infuriating. In many corridors of that far away land, I met gentle, non-violent people at peace with themselves, their neighbours and their environment, people who seek enlightenment through non-violence and are in communion with all other living things. I met men, women and children with a rare honesty of spirit pursuing a way of life foreign to most western standards, which made me reassess my own values, too often based on material things. Most of them were nomads and country people away from the influence of their Chinese oppressors.

The people I met in the cities were still gentle and peace loving, but in their faces I saw fear and confusion.

My colleagues and I were approached many, many times by persons, especially monks, who with very few words and gestures gave us messages of despair. A few spoke some English and their words were particularly disturbing. We were told of killings, rapes and beatings. We were told of forced abortions and sterilizations. We were informed of outrageous human rights abuses, abuses which have received widespread acknowledgment and condemnation worldwide. Many have accused China of genocide.

A particular touching moment for me occurred in the capital city of Lhasa when visiting the Jhokung Monastery, Tibetan Buddhism's holiest place. In a dark corner, a crumpled note was thrust into my hand. When I looked around, I saw a young man with fear in his eyes awaiting my reaction. Let me read the note to you. It is headed up, "Tibet Free".

> Dear foreign guests and leaders from any countries of the world, we would like to give you a brief explanation of Tibet. There is no any doubt that Tibet has been an independent country from 7th century during the King Song Tsan Gon Pos reign, because we have an evidence which is still exist in front of Jhokung temple. There are three stone pillars. The taller of them carries bilingual inscription of the Tibetan-Chinese agreement. In this agreement, it is very clear that Tibet is independent country and way back over about many years of Chinese occupation, Tibetan people have no any human right as human kind should have but we have very strong courage to strive for independence so that we should continue to struggling with Chinese, because this is unavoidable duty of Tibetan. However, we hope to have any kinds of support from any countries of the world and to understand Tibet very clearly. Wish you have Tibet a nice trip in. Thank you very much—1990.

The grammar and some words may be incorrect, but the message is clear. It is a plea, a cry for help for an end to Tibet's nightmare.

The Tibetans want their freedom and independence. They want their rightful leader, the Dalai Lama, back. They want a stop to the oppression and the human rights abuses, a stop to the environmental devastation and to China's population transfer, a subtle form of genocide.

Tibet is one of the great tragedies of the century because it is so far away and, possibly because Tibetans are so gentle and non-violent, so very vulnerable, the world is mostly ignoring them.

On May 23, 1991, the U.S. Congress and the Senate passed the following concurrent resolution:

> Resolved by the Senate (the House of Representatives concurring), that it is the sense of the Congress that Tibet, including those areas incorporated into the Chinese provinces of Sichuan, Yunnan, Gansu, and Qinghai, is an occupied country under the established principle of international law whose true representatives are the Dalai Lama and the Tibetan government in exile as recognized by the Tibetan people.

● (1730)

The United Nations, on the 3rd of March, 1992, tabled the following resolution:

> Concerned at continuing reports of violations of human rights and fundamental freedoms in China, including severe restrictions on the rights of freedom of expression, religion, assembly and association, as well as measures

which threaten the distinct cultural, religious and ethnic identity of persons belonging to minorities.

1. Takes notes of the summary records of the debates on this question during the forty-third session of the Sub-Commision;

2. Also takes note of the note by the Secretary-General on the subject;

3. Further takes note of the reports of the Special Rapporteurs on torture, on summary or arbitrary executions, on religious intolerance, and the report of the Working Group on Enforced or Involuntary Disappearances.

4. Calls on the Government of the People's Republic of China to take measures to ensure the full observance of human rights and fundamental freedoms of Tibetans, as well as those of all its other citizens;

5. Invites the Government of the People's Republic of China to continue to respond to requests by special rapporteurs for information;

6. Requests the Secretary-General to submit a report to the Commission on Human Rights at its forty-ninth session on the situation in China, particularly Tibet.

His holiness the Dalai Lama has proposed the following Five Point Peace Plan:

1. Transformation of the whole of Tibet into a zone of peace;

2. Abandonment of China's population transfer policy which threatens the very existence of the Tibetans as a people;

3. Respect for the Tibetan people's fundamental human rights and democratic freedoms;

4. Restoration and protection of Tibet's natural environment and the abandonment of China's use of Tibet for the production of nuclear weapons and dumping of nuclear waste;

5. Commencement of earnest negotiations on the future status of Tibet and of relations between the Tibetan and Chinese peoples.

The Dalai Lama's peace plan is a very reasonable proposal, one all governments should find easy to support.

Honourable senators, those of us who have experienced the people and culture of this wonderful corner of our world have been forever changed. On behalf of that young man in the Jhokung Monastery and all other Tibetans, I urge our government and the rest of the world not to abandon our distant brothers and sisters.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, I was very interested in the comments of Senator Di Nino. I wonder if he would permit a few questions. I am sorry, he may have said it at the outset of his speech, but if so, I missed it. Could he tell us when he was in Tibet and was it a private trip or was it an official delegation?

Senator Di Nino: I was in Tibet in the summer of August 1990 on a private visit.

Senator Molgat: I have a subsequent question to that, because of some of the problems that arose recently with Canadian Parliamentarians visiting China: Was he able to move about freely and talk to whomever he wanted?

Senator Di Nino: If I can take a moment to just explain to you that the visit was an authorized visit, as all must be, as I understand. No private visits of individuals are allowed in Tibet, but the Chinese government does allow groups to go in. I guess they need the hard currency.

The organization which sponsored this particular trip is the Sierra Club, an environmental club out of California. Six Americans and I travelled through other parts of Asia, but in particular the Tibet trip that we are talking about was accompanied by both a Chinese and a Tibetan guide. The guides were there at all times. Most of the trip took place principally as a hike through the mountains. We did a trek to the base of Mount Everest. But when we got to the cities, we were given pretty good freedom to move around, although one of the guides was always with us.

Hon. Royce Frith (Leader of the Opposition): Could I also ask a question of Senator Di Nino relating to the resolution of Congress? May I ask if he is prepared to move such a resolution here in the Senate because, if so, I would be glad to support it.

Senator Di Nino: I would be prepared to move a resolution of that nature. It would certainly please my Tibetan friends in Canada. But in particular, I would hope, as the Dalai Lama has asked, that the countries basically recognize his peace plan. I believe that would be a more appropriate resolution, rather than to copy one from a different country.

Senator Frith: I suppose they might be put together. The wording of the U.S. Congress resolution could be a part of the resolution of this house by preamble or otherwise, and still incorporate the five-point peace plan.

Honourable senators, I move the adjournment of the debate.

On motion of Senator Frith, debate adjourned.

[*Translation*]

SOCIAL AFFAIRS, SCIENCE AND TECHNOLOGY

MOTION TO PERMIT ELECTRONIC MEDIA COVERAGE OF CANADIAN CITIZENSHIP STUDY ADOPTED

Hon. Paul David, pursuant to notice of Wednesday, March 18, 1992, moved:

> That the Standing Senate Committee on Social Affairs, Science and Technology be empowered to authorize the coverage of its public proceedings on Canadian citizenship by photographers and electronic news media, without disrupting the proceedings too much.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, I should simply like to ask Senator David a question. I thought he might give us an explanation.

The committee has been sitting for some time now, has it not? In view of the fact that hearings have already been held,

why are you only making this request at this time? Or I am mistaken?

Senator David: You are not completely mistaken, only partially, considering that the first sitting of that particular committee was held last Tuesday. Our next meeting, at which time evidence will be heard, is scheduled for this evening, at six o'clock. It is because of special circumstances that this motion, which incidentally was tabled on March 18, could be presented earlier for concurrence.

Motion agreed to.

[*English*]

The Senate adjourned until tommorrow at 2 p.m.

APPENDIX

(*See p. 1118*)

NATIONAL FINANCE

SEVENTH REPORT

Tuesday, March 24 , 1992

The Standing Committee on National Finance has the honour to present its

SEVENTH REPORT

Your Committee, to which were referred the expenditures proposed by the Estimates for the fiscal year ending 31 March 1992, with the exception of Privy Council Vote 15 (Official Languages), has, in obedience to the Order of Reference of 13 June 1991, examined the said Estimates and herewith presents its final report.

Background

Following the reconstitution of your Committee on October 24, 1991, members decided to undertake a study of Public Service reform and the Public Service 2000 initiative. A number of individuals were invited to testify during November and December, and hearings resumed after the Senate returned from the Christmas adjournment in mid-February. The witnesses have included: deputy ministers and other senior officials of the Privy Council Office, the Treasury Board Secretariat, the Canadian Centre for Management Development, the Public Service Commission, and several line departments; the Auditor General of Canada; and representatives of Public Service unions and the Public Policy Forum. These hearings are continuing, and your Committee plans to table a report on the study prior to the summer adjournment.

The use of Treasury Board Vote 5 - Government Contingencies, and the reporting of such use to Parliament, have been of interest to your Committee for several years.[1] In effect, by approving Vote 5 in the Main Estimates, Parliament provides a contingency fund to the Treasury Board that can be used at the government's discretion to supplement the votes of departments and agencies. The wording of the vote in the *Public Accounts* is as follows:

> Government Contingencies - Subject to the approval of the Treasury Board, to supplement other votes for paylist and other requirements and to provide for miscellaneous minor and unforeseen expenses not otherwise provided for including awards under the Public Servants Inventions Act and authority to re-use any sums allotted for non-paylist requirements and repaid to this appropriation from other appropriations.[2]

The "other appropriations," from which Vote 5 is repaid in respect of non-paylist allocations, normally must appear in the next set of supplementary estimates, prior to the end of the fiscal year in which the allocations were made. Although Treasury Board formally requests Parliament's approval of such appropriations through the supplementary estimates, they are really information items, since the money already has been transferred to another vote and in effect spent. Thus the purpose of Parliament's approval is to reimburse Vote 5 in order that the full amount approved in the Main Estimates for non-paylist requirements may be available for subsequent "miscellaneous minor and unforeseen expenses."[3]

Because allocations for non-paylist requirements from Vote 5 are reimbursed through supplementary estimates -- normally presented to Parliament a minimum of three times per year -- it is possible for the annual total of such allocations to exceed substantially the actual size of the vote approved by Parliament at the time of Main Estimates. Indeed, if the Treasury Board were to use the entire amount of the vote for reimbursable, non-paylist requirements in each of the periods between the three sets of supplementary estimates, and if Parliament approved the full amounts of those supplementary estimates, the expenditures under Vote 5 could theoretically be three times larger than the vote approved in Main Estimates. Concern over the implications for parliamentary control of expenditure represented by this possibility, and a corollary interest in whether the size and use of Vote 5 had increased over time, led your Committee to ask Treasury Board officials for detailed historical tables on Vote 5 and to prepare this report.

Paylist Requirements

One principal use of the Government Contingencies Vote is to supplement other votes to make up for paylist shortfalls.[4] When the salary budgets of individual programs are established for the Main Estimates, full provision is made for previously negotiated salary increases that will become effective during the forthcoming fiscal year. Invariably, however, there are employee groups for which contract settlements have not been reached or for which existing contracts will expire during the year. In such cases, the salary budgets of the affected departments are provided with a standard amount that tends to underestimate actual salary awards. Salary budgets also include provision for pay-related benefits such as severance pay, maternity benefits and overtime, which can fluctuate dramatically.

This practice generally results in paylist shortfalls for particular programs, even though the level of program activity has not increased beyond that approved in the Main Estimates. The shortfalls are then made good by allocations from Vote 5 to the affected departments. According to the Treasury Board, inclusion of paylist allocations in subsequent supplementary estimates

> would require the inclusion . . . of items in identical terms for most departments and agencies and would result in an inordinate increase in the size of the supplementary estimates document without a corresponding increase in its informative character. It is for this reason that allotments for paylist purposes are not recouped.[5]

Accordingly, transfers from the Contingencies Vote to other votes for paylist purposes remain as permanent charges to the Vote at year-end and are so recorded in the Public Accounts. In 1990-91, for example, departments and agencies received a total of $576.4 million, most of it to cover additional paylist requirements associated with a substantial pay equity award.[6] The level of Vote 5 was set unusually high in the 1990-91 Main Estimates in anticipation of this award, and the Vote was not reimbursed in respect of these payments through supplementary estimates.

Miscellaneous Minor and Unforeseen Expenses (Non-Paylist Requirements)

The other principal use of the Government Contingencies Vote is to pay for "miscellaneous minor and unforeseen expenses" of departments and agencies. Under this authority, the Treasury Board can provide funding from Vote 5 for any number of items not provided for in existing appropriations. The Treasury Board has expressed the view that its use of the Contingencies Vote for these non-paylist purposes "has intentionally been much more restrictive than that authorized by Parliament."[7] By this is meant that the Treasury Board is authorized to use Vote 5 without returning to Parliament for further authority; the expenses incurred would then be permanent charges to the Vote, and would appear as such in the Public Accounts. The Board's explanation continues:

> Although a later section of the vote provides authority to reuse sums which are repaid from other appropriations, there is no requirement that such sums be repaid or that the items funded be included in Supplementary Estimates . . . In practice, however, the contingencies vote has been used as a temporary funding mechanism pending approval of Supplementary Estimates. Only in rare cases, when timing prohibited the subsequent passage of Supplementary Estimates, has the Vote been used to make permanent transfers for reasons other than paylist shortfalls. The one exception to this rule is its rare use for

"awards under the Public Service Inventions Act" which are permanent charges to the Vote.[8]

A department may seek access to the Contingencies Vote at the same time as it receives approval to include an item in supplementary estimates. This may be because it has an urgent cash requirement but an insufficient balance remaining in the applicable departmental appropriation. Alternatively, if the department lacks sufficient authority to make a specific payment, the Treasury Board may authorize access to the Contingencies Vote pending passage of the Appropriation Act that grants the necessary authority. In either case, the Board requests reimbursement of the Vote in the next supplementary estimates, where it indicates the previous uses of the Vote in footnotes under the applicable departments that state, "Funds in the amount of $X were advanced from the Treasury Board Contingencies vote to provide temporary funding in this Program."[9]

The use of the Contingencies Vote as a temporary funding mechanism, and the reimbursement of the Vote through subsequent appropriations, have the advantage that parliamentary scrutiny of Vote 5 allocations normally is provided at least three times a year when supplementary estimates are tabled. An attendant disadvantage, since supplementary estimates are invariably approved without change, is that Parliament, perhaps unwittingly, permits the Treasury Board to re-use the full amount of the Contingencies Vote (less paylist requirements) for further "miscellaneous minor and unforeseen expenses." The amount requested under Vote 5 is normally about 1 per cent of voted budgetary Main Estimates, except when unusually large paylist requirements are anticipated. However, as the attached table, "T.B. Vote 5 - Government Contingencies," indicates, the Board's authority to re-use the non-paylist portion enables it to spend considerably more than the authorized amount of the Vote in most fiscal years. For example, in 1989-90, the Vote level was $360 million, or 0.84 per cent of Main Estimates, but paylist and non-paylist expenditures for the year totalled $842.8 million, or 2.0 per cent of Main Estimates. In 1990-91, Vote 5 was set at $775 million, or 1.75 per cent of Main Estimates, because it included an extra $375 million for the Equal Pay initiative. Paylist requirements, as mentioned above, totalled $576.4 million, leaving only $198.6 million for miscellaneous minor and unforeseen items. Because of the reimbursement and re-use provision, however, miscellaneous minor and unforeseen items amounted to $818.0 million. When the paylist requirements were added, total expenditures under Vote 5 were $1.394 billion, or 3.1 per cent of the Estimates.

When setting the amount of the Government Contingencies Vote at the time of the Main Estimates, the Treasury Board presumably takes account of Parliament's willingness to vote appropriations in supplementary estimates that have the effect of reimbursing the Vote. An examination of the uses of the Vote during the eleven years 1980-81 to 1990-91 inclusive shows that only in 1988-89, when paylist requirements were unusually small, did expenditures under the Vote fall short of the amount originally approved. It should also be noted that, because non-paylist allocations under Vote 5 are reimbursed by subsequent departmental appropriations and do not constitute a permanent charge against the Vote, they do not appear in the Public Accounts. However, Treasury Board officials have advised the Committee that they prepare a comprehensive, annual report for the Auditor General on the uses of Vote 5 during the previous fiscal year.

Recommendation

The Committee recommends that the Treasury Board Secretariat provide to the Senate National Finance Committee, as soon as possible following the end of each fiscal year, a complete report on the uses made of Treasury Board Vote 5 - Government Contingencies during that year, to

include the following information:

- Details of amounts transferred from Vote 5 to supplement provisions of other votes, showing, by department, the amount, the vote supplemented and the purpose of the vote; these transfers to be tabulated for both paylist requirements, which are permanent charges to Vote 5, and miscellaneous minor and unforeseen expenses, which are normally reimbursed through supplementary estimates appropriations (this information could be tabulated in the form currently published in the Public Accounts for paylist requirements only);

- A historical review of allocations from Vote 5, for the current and at least ten previous fiscal years, showing:

- the amounts of voted budgetary Main Estimates;

- the level of Vote 5 in the Main Estimates, along with any additional amounts voted in supplementary estimates;

- Vote 5 as a percentage of voted budgetary Main Estimates;

- paylist, non-paylist and total Vote 5 allocations, including any amounts paid under the Public Service Inventions Act;

- the amounts of total voted supplementary estimates;

- non-paylist Vote 5 allocations as a percentage of total voted supplementary estimates; and

- the amounts of Vote 5 that were lapsed at the end of the fiscal year;

together with any necessary explanatory notes.

Respectfully submitted,

FERNAND-E. LEBLANC
The Chairman

Footnotes

1. See *Proceedings of the Standing Senate Committee on National Finance*: March 12, 1986, pp. 39:24-26; November 26, 1986, pp. 1:7-9, 1:28-32; March 31, 1987, pp. 7:10-11; June 11, 1987, pp. 14:7-8; May 4, 1989, pp. 2:20-2:24; May 11, 1989, pp. 4:8-13; March 22, 1990, pp. 21:46-47; December 20, 1990, pp. 39:7-11, 39:16-17; January 8, 1991, pp. 41:7-9; October 30, 1991, p. 3:21.

2. See *Public Accounts of Canada 1991*, Volume II, Part I, Section 1, page 1.68.

3. See the discussion in the Committee's *Proceedings*, March 12, 1986, pp. 39:24-26.

4. The material in this and the following section is drawn extensively from a report by Treasury Board to the Committee in 1989. See "Government Contingencies - Treasury Board Vote 5," Appendix NF-1 of the Committee's *Proceedings*, May 3, 1989, pp. 1A:1-1A:9.

5. *Ibid.*, p. 1A:2.

6. See "Treasury Board: Details of amounts transferred to other ministries to supplement provisions of other votes," *Public Accounts of Canada*, Volume II, Part II, pp. 12.17-12.20.

7. See the Committee's *Proceedings*, May 3, 1989, Appendix NF-1, pp. 1A:2-3.

8. *Ibid.*, p. 1A:3.

9. As recently as 1989, such footnotes were supplied only in respect of Vote 5 allocations to cover grants authorized in advance of the supplementary estimates. Since that time, the Treasury Board has expanded the use of footnotes to include most categories of expenditure. It is therefore possible in principle, by adding up the footnoted items, to determine total non-paylist allocations from Vote 5 that have been authorized by the Board since the previous main or supplementary estimates.

THE SENATE

Wednesday, March 25, 1992

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

Prayers.

SENATORS' STATEMENTS

GENERAL ELECTION

NUMBER OF DAYS LEFT IN CURRENT TERM

Hon. Royce Frith (Leader of the Opposition): Honourable senators, the clock is still ticking. A democracy-respecting government, which we hope this one is, has 241 more days of life. However, if, as some contend, this government is cowardly and contemptuous of democracy, to use Senator Murray's—

Senator Simard: Will you stop that foolishness?

Senator Frith: You caught me at exactly the right time. I was just going to quote Senator Murray when you used the word "foolish". How appropriate. You have an unerring sense of timing, Senator Simard. So the time remaining for this cowardly, contemptuous and, as Senator Simard would describe it, foolish government is 627 days.

Hon. Michel Cogger: Honourable senators, if anyone is interested and if the good Lord smiles upon him, the Honourable Senator Frith will be in this house for an additional 2,423 days.

Senator Frith: And how about you, sir?

Senator Gigantès: Have you given up on Senate reform?

Senator Cogger: I have not figured out my number of days, but I will be here to pay tribute on the day the honourable senator leaves.

Hon. Efstathios William Barootes: Honourable senators, I wish to contradict my friend on this side, because I have done a very careful count, and we on the government side—

Senator Hastings: You few.

Senator Barootes: —will only have to suffer the present Leader of the Opposition, I say, for 2068 days. We can count it again. At the end of 2068 days the government, the PC government sitting on this side of the Senate, will have disposed of Senator Frith.

Senator Frith: Why doesn't everyone stand up and say how long they will be here, how they meet the "Cogger" test?

THE ECONOMY

ABOLITION OF ECONOMIC COUNCIL OF CANADA

Hon. Philippe Deane Gigantès: Honourable senators, I want to pass from the tragedy of the possible length of your stay in office to something that is more interesting to consider. I want to talk about the abolition of the Economic Council of Canada.

Senator Hastings: Shame!

Senator Gigantès: All of us are either successful acquisitors or unsuccessful acquisitors. Throughout history the successful acquisitors have been able to push the unsuccessful acquisitors around. Not to put a moral point on it, the unsuccessful acquisitors would have liked to be in the shoes of the successful acquisitors.

When democracy was invented, it gave one vote per person, whether they were successful or unsuccessful acquisitors. The successful acquisitors began having serious problems until they realized that the good old method of controlling information, of giving insufficient or slanted information to the unsuccessful acquisitors, could help them win votes. Hence, Conservative victories in various countries time and time again. I mean, the people of the United States elected Reagan; the people of Britain elected Mrs. Thatcher, and the people of Canada elected Mr. Mulroney, and therefore have deserved all the hard times that have come since.

The Economic Council's days were numbered when it told the truth about your free trade agreement. They produced a study which said that, if the free trade agreement went through, then the number of jobs created in addition to those that would normally be created over ten years would be something like 100,000. They specified in a footnote what that would be in addition to, and it turned out, as I pointed out in those days, that they were saying the growth rate of jobs in the first ten years of the free trade agreement would be lower than the growth rate of jobs in the preceding ten years.

Even worse, they said in another part of their report that, should we not sign the agreement and the Americans took the worst possible retaliation they could take, in those same ten years 10,000 fewer jobs would have been created. That is 1,000 fewer per year than if we signed the agreement. Now, that was truly undercutting the false information the government and all the successful acquisitors on its side were buying advertising to give.

The second time the Economic Council put a gun to its head was when it said two reports ago that you cannot solve the economic problems of this country, indeed of any country, if you do not deal with the problem of unemployment. Now, this goes against the doctrine of the successful acquisitors, who have been successful as acquisitors because the only thing that ever mattered to them was acquiring money, because they considered human beings and machines as the same sort of thing: factors of production.

Once it had told the truth, the Economic Council broke the rule of the acquisitors, and they had to fire it.

[*Translation*]

THE ESTIMATES, 1991-92

REPORT OF NATIONAL FINANCE COMMITTEE ON SUPPLEMENTARY ESTIMATES (C) PRESENTED AND PRINTED AS APPENDIX

Hon. Fernand Leblanc: Honourable senators, the Standing Senate Committee on National Finance has the honour to present its eighth report concerning its review of Supplementary Estimates (C) for 1991-92.

I ask that the report be printed as an appendix to the *Debates* and *Minutes of the Proceedings* of this day and form part of the permanent records of the Senate.

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

Hon. Senators: Agreed.

(*For text of report, see appendix, p. 1182*).

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

On motion of Senator Leblanc (Saurel), report placed on the Orders of the Day for consideration at the next sitting of the Senate.

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

TENTH REPORT OF THE COMMITTEE PRESENTED

Hon. Thérèse Lavoie-Roux, Chairman of the Standing Committee on Internal Economy, Budgets and Administration, presented the following report:

Wednesday, March 25, 1992

The Standing Senate Committee on Internal Economy, Budgets and Administration has the honour to present its

TENTH REPORT

Your Committee recommends that Contingency Plans for Emergencies in the Senate be adopted and implemented.

The principal feature of the Plans, if adopted, would be for the Senate Protective Service to organize and train itself to handle any security matter up to life-threatening situations. The Plans would also permit the Senate Protective Service to call for assistance from outside authorities, such as the Royal Canadian Mounted Police and the Ottawa Fire Department. This would be in cases of life-threatening situations.

This is a significant change ot Senate security policy. If the Plans are adopted, the Senate Protective Service will develop training procedures with the House of Commons and the Royal Canadian Mounted Police to coordinate the implementation of these Contingency Plans.

Respectfully submitted,

THÉRÈSE LAVOIE-ROUX
Chairman

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

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

• (1410)

[*English*]

FISHERIES

FIRST REPORT OF COMMITTEE TABLED

Hon. Eileen Rossiter, Chairman of the Standing Senate Committee on Fisheries, tabled the committee's report concerning the expenses incurred by the committee during the second session of the Thirty-Fourth Parliament.

GOODS AND SERVICES TAX

PRESENTATION OF PETITIONS

Hon. Royce Frith (Leader of the Opposition): Honourable senators, I have petitions headed:

> The petition of the undersigned residents of Canada who now avail themselves of their ancient and undoubted right thus to present a grievance common to your Petitioners . . .

That is the normal heading. It refers to the 7 per cent Goods and Services Tax adopted by the Conservative government.

It cites the unprecedented assault on the income of Canadians and prays and calls upon the Senate to reject the Goods and Services Tax. It states also that Canadian producers are carrying out their job by flooding the market with product, but that they cannot produce money.

The wording is not exactly the same as all previous petitions on this subject, but is like many previous ones.

The particulars are as follows. The Quebec petitions are from Asbestos, Danville, Drummondville, Durham Sud, East Farnham, Richmond, St-Hyacinthe, Thetford Mines and Trois Lacs. The New Brunswick petitions are from Grand Bay, Hampton, Queens County and St. John.

The summary is as follows. From Quebec there are five petitions with a total of 76 names. From New Brunswick there are eight petitions with a total of 147 names. The totals for today are: 13 petitions, 223 signatures.

[*Translation*]

Hon. Jacques Hébert: Honourable senators, I also have the privilege of presenting petitions signed by 518 residents of Ontario who object to the goods and gervices tax. Most of these petitions are from Toronto, Willowdale, Pickering and Mississauga.

Honourable senators, I have another petition signed by 1,441 residents of Ontario who object to the goods and services tax. It is really too bad I don't have time to comment. The

petition itself is rather interesting. It has three columns, and each petitioner could check off what he would ask the Prime Minister to do.

Hon. Jean-Maurice Simard: You don't have time. It's against the rules.

Senator Hébert: Honourable senator, I simply wanted to point out that you might find this interesting reading. So there are three columns which indicate, respectively: Kill the GST, Hold a Referendum, Call an Election. Petitioners were practically unanimous on all three columns. Thank you.

● (1420)

QUESTION PERIOD

[*English*]

THE ECONOMY

FIRST MINISTERS MEETING—ATTENDANCE OF PRIME MINISTER

Hon. Royce Frith (Leader of the Opposition): Honourable senators, I have a question for the Leader of the Government in the Senate. On March 18 last, in reference to the fact that the Prime Minister was only able to clear one day to deal with the economy at a meeting with the premiers, I asked the following question of the Leader of the Government:

> Can the people of Canada infer from this that the Prime Minister and his government place a higher priority on solving the constitutional problems of Canada than on Canada's serious economic problems?

The Speaker then intervened, saying:

> Honourable senators, before the Leader of the Government answers the question, I must advise you that the 30 minutes allotted for Question Period have now expired.

As it turned out, the Leader of the Government proceeded not to answer the question, although he did say:

> I am sure the Leader of the Opposition would agree, honourable senators, that the two issues—the unity of the country and economic prosperity—are intimately related.

There was no possibility of following up on the question at that time. I can say, of course, that this and many other issues are linked, but that does not deal with the question. We have a follow-up because I now understand that included in these perhaps intimately related issues is the question of Mr. Mulroney's visit to New York, which was a two-day visit. This was more time than the Prime Minister was able to give to the premiers to discuss the economy.

What I want to press here is the priorities being given. On the same basis, can we infer that a meeting in New York with United States journalists and others and the unity of the country—that is, the constitutional issue—both take priority over economic prosperity? It would seem they do on the basis of the time devoted to them by the Prime Minister.

Hon. Lowell Murray (Leader of the Government): The Leader of the Opposition appears to forget that this is the third occasion in less than four months that the Prime Minister and the provincial premiers have been meeting.

Senator Frith: It might also easily be the third or fourth occasion that he has devoted time to the United States, to United States press, and to other issues. That is hardly the point. The point is, can we infer from the time spent on these issues that there is a priority, and that the economy of the country apparently is at least third in that order of priority?

Senator Murray: Honourable senators, the Leader of the Opposition was asking me the other day—and is asking me again today—to try to quantify, in some fashion that would perhaps be suitable for a computer, the priority that one attaches to the unity of the country, on the one hand, and the prosperity of the country on the other. It is not a matter of assigning a greater or lesser priority to one over the other. The vast majority of Canadians would agree that both of these considerations are vital, and I think they would agree with me, upon reflection, that the two are intimately linked.

Senator Frith: Honourable senators, I do not know the basis upon which the Leader of the Government claims that most Canadians would not have any priorities on these questions because, as a matter of fact, polls show that Canadians do have priorities and that their priority is the economy.

But I take it that we have a government in power now with no sense of priorities on these subjects. I think it is reasonable to infer from the answers given by the Leader of the Government that although Canadians apparently do in fact have such priorities, the government does not.

NORTH AMERICAN FREE TRADE AGREEMENT

NECESSITY OF ELECTION BEFORE FINALIZING AGREEMENT

Hon. Royce Frith (Leader of the Opposition): Honourable senators, speaking of priorities and ticking clocks, is the government prepared to have an election before it finally negotiates and signs a North American free trade agreement?

Hon. Lowell Murray (Leader of the Government): Honourable senators, I should have thought my honourable friend had been chastened by his last experience in that regard, when "Let the people decide" was the great cry. The people did decide in 1988.

Senator Frith: Honourable senators, I am glad to hear the Leader of the Government laughing that one off, because we would be glad to be re-chastened. Please, make us an offer. Just try it, and we will be quite happy to be re-chastened if it turns out that way.

So the answer is that the government does not want to have an election before it enters into this agreement that will have serious and broad consequences for Canadians, because it does not want to re-chasten the opposition.

Senator Murray: Honourable senators, it is important that we be present and involved in those trade talks, if only to

defend our own interests. We think that there is a considerable amount to be gained for Canada and for all of North America with freer trade. Of course we believe that. It is fundamental to our government's policy.

Having said that, I should point out again that less than 2 per cent of our trade is with Mexico.

Senator Doody: It is 1 per cent.

Senator Frith: According to Mr. Wilson it is 2 per cent.

Senator Murray: While there are opportunities for us here, the honourable senator should not try to describe the outcome of the negotiations in such grand terms.

Senator Frith: I take it, then, that again the people of Canada can infer that the government analyzes the importance of the NAFTA negotiations on a scale of two out of 100 in importance to Canadians. Is that right?

Senator Roblin: This is a sophomoric discussion.

Senator Frith: Oh, well, the postgraduate huffs his way out by calling questions sophomoric.

Senator Molgat: The minister is not going to respond?

Senator Frith: What was the answer?

Senator Murray: Honourable senators—

Senator Frith: You picked the 2 per cent figure; I did not.

Senator Murray: Honourable senators, I pointed out that less than 2 per cent of our trade is with Mexico and I cautioned the honourable senator not to attach more importance than is warranted to the negotiations and to the outcome of those negotiations, in reply to which I believe he made a comment which I did not hear. But in any case, I think it does not demand a reply from me.

Senator Frith: Honourable senators, let us be sure we understand the answer that was given. As to the importance of the NAFTA negotiations and the need for an election before such an important step is taken, the answer was that, in effect, it is only important to the extent of the 2 per cent of our trade that we have with Mexico. The answer that was given was that we should not blow it beyond the proportion of 2 per cent. If that is the answer, namely, that this government considers that the consequences of the North American free trade negotiations amount to 2 on a scale of 100, then that answer is recorded.

Senator Murray: Honourable senators, I was terribly encouraged to see Senator Molgat rise a few moments ago. I was encouraged to think that in the 30 minutes that we have at our disposal for Question Period the Leader of the Opposition was going to allow one of his colleagues to ask a question.

Some Hon. Senators: Oh, oh.

Senator Frith: What a pompous—there is a "P" word that goes with that.

DRAFT REPORT—AVAILABILITY OF TEXT—GOVERNMENT POSITION

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, my question concerns the trade agreement. Yesterday I asked the minister questions about Premier Filmon, the Conservative Premier of Manitoba, having received the draft of the Mexican-U.S.-Canadian trade deal. Could he inform us if he has found out anything further as to how Premier Filmon got that draft? As I indicated, Premier Filmon discussed it with members of his cabinet. Are we going to get a draft?

Hon. Lowell Murray (Leader of the Government): Honourable senators, I did not inquire specifically about what document Premier Filmon has in his possession in this regard. I did follow up briefly with Mr. Wilson this morning on the questions that were raised yesterday concerning the access of honourable senators to briefings and to information concerning the NAFTA negotiations.

My information is that an offer was made in the other place by the government to the members of the trade subcommittee of a private briefing on the understanding that the members of that committee would agree to the confidentiality of the briefing and that immediately following the briefing there would be some access to written documents for the purpose of discussion at the committee.

I am informed that this is effectively the same arrangement that obtains in respect of briefings for the private sector, the trade advisory—

Senator LeBlanc: Tom D'Aquino.

Senator Murray: Tom D'Aquino is a friend of my friend. When I knew him he was in Mr. Trudeau's office. He is a good Liberal, as far as I know. I do not know why my honourable friend, not for the first time, raises the name of Mr. D'Aquino in some pejorative fashion. He is a friend of my friend. He worked in Mr. Trudeau's office.

Senator LeBlanc: At that time he was not a spokesman for the trade deal and foreign investment.

Senator Frith: You got that "sit down", did you, that little wave from the great height?

Senator Kenny: Let the record show it.

Senator Murray: I understand it is the same arrangement that obtains with regard to the Trade Advisory Committee and to the briefings for the provincial authorities as well.

I did not conclude my conversation with Mr. Wilson, but I think I am safe in saying that we would be prepared to discuss those same arrangements with the appropriate committee of this place, which I think would probably be the Foreign Affairs Committee of the Senate.

Senator Molgat: When the minister pursues his questions on this matter, could he find out for us whether it was under this basis that Premier Filmon obtained the report, when the report was given to him, and also whether it was given to all premiers in the country at the same date and on the same basis?

In view of the fact that my honourable friend refers to this draft report, I have here a draft report. It is dated 31 December, 1991. I will not read it all, of course, because it does cover quite a few pages, but to establish what the document is, it says:

Chapter 1—Objectives and Scope

Article 101: Establishment of the North American Free Trade Area

The Government of the United Mexican States, the Government of Canada and the Government of the United States of America . . . consistent with Article XXIV of the General Agreement on Tariffs and Trade, hereby establish the North American Free Trade Area.

DRAFT REPORT—DOCUMENT TABLED

Senator Frith: Perhaps you had better table that document, if you are going to read from it.

Senator Bonnell: On a point of order, honourable senators, I think that if he is going to read from this document he had better table it.

Senator Molgat: It is my only copy. I just want to read a little more and then I will table it.

● (1430)

Article 101: Establishment of the Free Trade Area

The Parties signatory to this Agreement, consistent with Article XXIV of the General Agreement on Tariffs and Trade, hereby establish a free trade area.

As I said, I could continue. This part is dated December 31, but there are other sections dated January 16 and February 21. It is a substantial document. I will table it to make it accessible to all members.

Is this the document that has been sent to Premier Filmon?

Hon. Lowell Murray (Leader of the Government): Honourable senators, I have not seen the document that the Deputy Leader of the Opposition has just tabled. All I can tell him is that at the end of December, a draft text setting out the proposals of the three parties, the three countries, was put together. That is why he will find, if this is the text that he has just tabled, a great many things in square brackets, because they refer to matters that are not agreed to. This draft text is a compilation of the proposals of the three countries, and, as I indicated to him yesterday, it has been undergoing almost continuous change since the end of December. It is, as I said, a movable feast.

EFFECT ON AGRICULTURAL PRODUCERS

Hon. M. Lorne Bonnell: To follow up on the free trade agreement, I read in the *Toronto Star*—

Hon. Jean-Maurice Simard: Again! Is that your bible? He continues to read the Liberal bible.

Senator Bonnell: I use the King James version. I do not know what you use.

[Senator Molgat.]

It says in this *Toronto Star* article of March 25, 1992, that:

The federal government appears ready to cave in to U.S. demands that Canada scrap its system to protect dairy, egg and poultry producers from a flood of cheap imports . . .

That is, from the United States and Mexico.

In a proposed draft text of a North American Free Trade Agreement released yesterday, the Mulroney government suggested that the three parties live up to the GATT commitments to convert import quotas into tariffs, which would then decline . . . ..

The GATT talks are foundering on agricultural issues, though Canada is virtually alone in its insistence on maintaining supply management and import quotas.

International Trade Minister Michael Wilson insisted yesterday that Canada's defence of supply management has not wavered.

Senator Simard: End of quote.

Senator Bonnell: At the same time:

The draft agreement was dated Feb. 21, the same day that Deputy Prime Minister Don Mazankowski assured 40,000 protesting farmers in Ottawa that his government would not negotiate away supply management.

Yet that very same day his government signed an agreement with Mexico and the United States to do away with the same supply management. Is this another great lie to the public and the farmers in Canada?

Hon. Lowell Murray (Leader of the Government): Honourable senators, before the honourable senator waxes too indignant about these matters, he should be careful about some of the assertions he has made. He says, for example, that we have "signed an agreement". No agreement has been signed. I told the Senate yesterday—

Senator Bonnell: You are prepared to sign an agreement.

Senator Frith: He is cautioning you to be careful. Be a good boy and do what he tells you.

Senator Murray: I am glad to see that the senator is editing his blues on the spot, or in advance, as it were.

Hon. Philippe Deane Gigantès: What has that to do with the importation of cheap milk that will have the effect of shutting down our dairy farms?

Hi. Are you waving at me? A senator with a flexible wrist on the other side.

Senator Barootes: I hope you do not have flexible wrists.

Senator Gigantès: You know me better than that.

Senator Murray: Honourable senators, I can give a fairly short answer to the question put by Senator Bonnell. The answer to the question is, as he will see, that the references to tariffication in the draft text relate to nonsupply-managed agricultural products.

Senator Bonnell: Honourable senators, can the Leader of the Government assure me that the Government of Canada and he, a member of that government, will protect the supply management of the poultry farmers, the egg farmers and the milk producers of this country, especially in the Gaspé region of Quebec, in New Brunswick, Prince Edward Island and in Nova Scotia in any North American Free Trade Agreement or GATT negotiations?

Senator Murray: The matter is at issue in the GATT negotiations, as my honourable friend knows. We have indicated that the Dunkel text is, in that respect, not acceptable to us, and that is why, in the proposals that we put forward at Geneva in early March, we did not offer any tariff equivalents for supply management commodities. Our position continues to be to seek a strengthening and clarification of Article XI.

[*Translation*]

STONE CONSOLIDATED PAPER

RESOLUTION OF CONFLICT—GOVERNMENT POSITION

Hon. Jean-Maurice Simard: Honourable senators, my question is further to the advance notice I gave at the end of Question Period yesterday, when I was called to order by the Speaker.

My question concerns the settlement of the dispute between Stone Consolidated Paper and its employees.

For the benefit of those who may not be familiar with the matter, the McKenna government's involvement was instrumental in reaching a settlement. We are of course vastly relieved, as are the company's employees and Bathurst residents, considering the importance of this company for the town's economy.

Senator Hébert: What is the question?

Senator Simard: I am getting to my question, Senator Hébert. And we don't need Senator Molgat to teach us how to ask questions.

My question is as follows: Considering the fact that Mr. McKenna's offer, which consisted in paying $3.5 million to an American company which last year paid its shareholders $43 million, including $12 million for Mr. Roger Stone; considering that the offer by the Province of New Brunswick did not guarantee the company's survival beyond June 1993; considering that $2 million of the $3.5 million that were offered will be used to pay employees a 5.5 per cent wage increase provided in their agreement as of June 1993, could the Leader of the Government in the Senate tell us if the federal government was invited to be party to this settlement and whether the federal government was in fact involved in this offer under one of the federal-provincial programs?

[*English*]

Senator Frith: Try to insult the right person, if you insist on being insulting. Try to control yourself, senator.

Hon. M. Lorne Bonnell: I wish to raise a point of order, Mr. Speaker.

Senator Simard: Mr. Speaker, you brought me back to order yesterday. I would ask you to get those people opposite to shut up and allow me to ask my question.

Senator Frith: You are not allowed to do that. It says that you cannot do that. You cannot have any order in Question Period.

Senator Simard: I will make a note of that. You try to speak later on in this chamber or tomorrow, and you will see what will happen.

Senator Frith: Fine. I expect that.

Senator Simard: That is not a threat; that is a promise.

The Hon. the Speaker: Order. First of all, I would like to advise senators that under rule 23(1), there are no points of order during Question Period.

Secondly, I would ask that preambles to questions be shortened and that the question be put as expeditiously as possible.

● (1440)

Senator Simard: The questions will be as short as the preambles to the questions coming from the other side.

[*Translation*]

So you understood my question, Senator Murray!

Hon. Michel Cogger: Repeat it, please!

Senator Simard: Was the federal government asked to participate in this offer under any federal or provincial programs, known or unknown, through ACOA or otherwise? Secondly, did it take any part in this settlement?

I am among those who believe that the McKenna government was swindled, that it was had in promising to pay $3.5 million when its annual deficit for 1991-92 is up to $232 million and Mr. McKenna takes every opportunity to blame the federal government for the size of the deficit.

[*English*]

The Hon. the Speaker: Senator Simard, you have asked the question. We should not have a statement. That is a different story. Please ask the question. There should not be a speech after that.

Senator Simard: I have asked the question. The question is on the record.

Senator Frith: The government is filibustering!

Senator Thériault: Do not answer, for God's sake!

Senator Sparrow: There was so much noise in the house that I could not hear. Would you repeat the preamble for me, please?

Senator Thériault: You do not know what a deficit is!

[*Translation*]

Hon. Lowell Murray (Leader of the Government in the Senate): Honourable senators, this question is exclusively in provincial jurisdiction. As far as I know, the federal government did not take part in this initiative, but I will check my

answer with the Minister responsible for ACOA, the Hon. John Crosbie.

OFFICIAL LANGUAGES

PRIVILEGES, STANDING RULES AND ORDERS—USE OF UNILINGUAL ENGLISH DOCUMENT

Hon. Eymard G. Corbin: Honourable senators, I would have liked to ask the Chair of the Committee on Privileges, Standing Rules and Orders this question, but for some reason she is away.

I will therefore put the question to the Leader of the Government in the Senate, especially since he is on that committee.

I ask him the question in his capacity as Leader of the Government in the Senate and also as a former joint chairman, with me, of the Committee on Official Languages.

At noon, I received a document from Senator Robertson, "Review of the Rules of the Senate— a collection of proposed revisions, observations, comments, etc. Working document, French copy to follow."

I no longer know where I as a Francophone fit in this institution!

You know better than anyone, Senator Murray, about the efforts made in the past to have the Official Languages Act respected.

One would say that nothing changes, people are more entrenched in their positions. I am on this committee with Senators Cogger, Grimard and Thérèse Lavoie-Roux; four Francophones on an 18-member committee.

The committee will meet at 11 a.m. tomorrow. We are sent that at the last minute, although this committee has been constituted since last fall. However, for undoubtedly legitimate reasons, meetings were not held. At the last moment, we are given a text in English only. Of course mention is made of typographical errors in the French version. But on substantive issues, we have nothing in French.

Tell me then. As a Francophone in the Senate, must I sit down and shut up, ignore everything that is going on and work in English? Or is there still a glimmer of hope for people like me whose mother tongue is French so that we can work on an equal footing with Anglophones in this institution?

My being bilingual changes nothing! My working language is French. I have had enough of these situations!

You are the leader of your caucus. You are the government's spokesman in this House. You have a say in choosing chairmen and publishing documents. Tell me how I am to act.

Will I have to get up every day to point out such things that keep on hitting us? The English version is never lacking; it is always the French one, I remind you!

Hon. Lowell Murray (Leader of the Government in the Senate): Honourable senators, although it is not a government document or even, to my knowledge, an official committee document, but rather a document from Conservative senators on that committee, I still accept the criticism from Hon. Senator Corbin.

[Senator Murray.]

Any documentation for honourable senators, wherever it comes from, should and must be in both languages.

Hon. Philippe Deane Gigantès: Hon. Senator Lavoie-Roux chaired that committee, did she not, I think? No, it is Senator Robertson!

Why did Honourable Senator Thérèse Lavoie-Roux not complain? Why did she say nothing about it?

Why do the French-speaking senators on that committee who sit on that side of the House not complain and not say anything?

THE SENATE

APPLICABILITY OF RULES

Hon. M. Lorne Bonnell: Honourable senators, I should like to ask a question of the Leader of the Government. Since we have this new rule whereby Question Period is only of 30 minutes' duration, would the leader ensure that his government members do not make 15 and 20-minute speech before they ask a question. When they do that, there is then no time left in which to ask any questions.

We should change the rule back to accommodate an unlimited Question Period. That is the only time during which the opposition in this house may ask a few questions of the government.

Senator Simard: Well, read the *Toronto Star*!

Senator Cogger: What is the question?

Senator Bonnell: If honourable senators wish to make an address or a speech in this house, they have three or four minutes at the beginning of the session in which to make their statements. However, to make those statements about the New Brunswick woodworkers—

Senator Simard: What is wrong with having New Brunswick's problem aired in this house? You tell me.

Senator Gigantès: It is a great province, especially since you left it. Since you left, it the government has improved!

Senator Simard: Talking about a sister province like that is terrible.

The Hon. the Speaker: Honourable senators, according to rule 23(7), Question Period is now over.

Senator Molgat: Your rules, not ours!

The Hon. the Speaker: But as a gesture, I will allow one more question. Senator Marsden was up first.

Senator Frith: We are getting all these gestures from the Leader of the Government and the Speaker.

COMMUNICATIONS

ACCESS TO READING MATERIALS—EFFECT OF GOVERNMENT POLICY

Hon. Lorna Marsden: Honourable senators, I should like to thank the Leader of the Government for his delayed answers

to two questions yesterday, one on NABST and one on KAON. They were very helpful.

Could the leader give an equally helpful reply on a copyright matter? It appears that the Minister of Communications, the Honourable Perrin Beatty, has brought forward a new policy which one again will limit the access of Canadians to books. Having applied the GST to reading material, there will now be a constraint on book distribution—that is, at libraries or schools, or any Canadians wishing to buy books from a wholesaler will be confined to purchasing such books through a Canadian agent.

I am very much in favour of supporting the Canadian book publishing industry and distributers, but nonetheless we have to deal with the fact that in this country, where distribution is a problem in any industry, it is much faster and sometimes less expensive to buy a book directly rather than to go through a Canadian agent.

Would the Leader of the Government explain to us why the government would put this restraint of trade in place, especially at this time?

Hon. Lowell Murray (Leader of the Government): Honourable senators, the one thing I can tell the honourable senator today on that matter is that the various policy changes Mr. Beatty has brought in in that field have been subject to the widest possible consultation in the country. I would like to leave it at that for the moment.

I will undertake to obtain a proper reply to the precise question that the honourable senator has put.

Senator Marsden: Honourable senators, it might help the Leader of the Government to know that the booksellers are very unhappy with this proposal. I refer him to a story in the *Kitchener-Waterloo Record* of Saturday, March 14, by Mr. Robert Reid which explains this. That may help him to give a full response.

Senator Gigantès: Nothing will help him; he is past all hope.

● (1450)

[*Translation*]

NORTHWEST TERRITORIES ACT

BILL TO AMEND—SECOND READING

Hon. Noel A. Kinsella moved the second reading of Bill C-64, An Act to amend the Northwest Territories Act.

He said: Honourable senators, in the fall of 1990, Bill C-92, *An Act to amend the Northwest Territories Act*, was tabled to ratify and give effect to the amendment made by the Government of the Northwest Territories to its *Official Languages Act*. That amendment changed the deadline for the French translation as well as for the printing and the publication of the Statutes in both official languages from January 1, 1991, to March 31, 1992. Without this amendment and its subsequent approval by Parliament, virtually all the Statutes of the Northwest Territories would have become inoperative. Bill C-92 was passed before December 31, 1990, and the deadline was therefore changed to March 31, 1992.

Since then, the Territories have printed and published, in bilingual form, the Revised Statutes of 1988 as well as the three related volumes of supplements. All this legislation has been in effect since July 15, 1991. Since January 1, 1990, all the new Acts have been passed in both official languages. Therefore, all the Acts (Orders) having force of law in the Territories are bilingual.

The problem that remains then has to do with the regulations, which include orders and proclamations. We have been told that the first volume, which contains approximately 800 pages of regulations, was just recently printed, that the second volume would be sent to press this week, and that the third volume should be sent to the printer in April. Consequently, the Government of the Territories will not be in a position to complete the translation, the revision and the printing of the second and third volumes before the March 31, 1992 deadline. Last November, the Government of the Northwest Territories informed the federal government of the problems that it was experiencing. The federal government then provided additional help by seconding, through Secretary of State, a word processing operator, and by concluding an agreement whereby the revisors of the *Canada Gazette* would revise the French version of the regulations. In spite of this help, senior officials from the Northwest Territories are of the opinion that the regulations will not be ready for several months, that is until June 1992. Consequently, they asked for an extension of six months and we believe that the deadline should now be September 30, 1992, unless they experience other unforeseen problems on. On March 12, 1992, the Territorial Legislature amended accordingly its official languages order.

It is of course regrettable that the Government of the Northwest Territories is unable to meet its own deadline set fifteen months ago. However, important progress have been made and it would be irresponsible for Parliament to allow a set of important regulations, dealing among other things with health and safety, to become inoperative. The Government of the Territories might have to ask the courts to recognize the applicability of unilingual regulations, in spite of the fact that those regulations would be invalid, as was the case in Manitoba when the Supreme Court ruled that the province was in a state of emergency and that the Court had to render unilingual acts operative during the minimal period necessary to maintain the primacy of the law, as well as to translate and re-enact of that legislation.

Finally, it is important to note that the amendment does in no way undermine the provisions of the Territories' legislation regarding government services in French, which came into effect on January 1, 1991.

[*English*]

The Hon. the Speaker: Honourable senators, rule 19(3) states:

> If senators have occasion to have private conversations in the Senate Chamber, they shall go below the Bar, otherwise the Speaker shall order them so to do;

I do not want to do this. However, I am having difficulty following the speakers because there is so much private conversation and I urge senators to abide by this rule.

[*Translation*]

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, I want to thank Senator Kinsella for the clarifications provided to us this afternoon. As I indicated yesterday, we were prepared to take this bill a step further today so that it can be ready for Royal Assent next Tuesday. We do not wish to delay its passing, in view of the fact that the problem lies with the Northwest Territories and not with the government.

Where I really object to rushing bills through beyond what is provided for in our rules is when the government, in my view, is responsible for the delays all of a sudden wants the Senate to move quickly and adopt a whole bunch of things.

In this case, as far as I can see, this is a letter dated March 13—it is quite recent—from Mr. Dennis Patterson, a parliamentarian from the Northwest Territories. He explains the problem in his letter.

Again, if I suspected dilatory tactics on the part of the government of the Territories, if they were not doing their very best to make headway with translation, I would say that, quite frankly, it might be time to set a deadline. I think this is the second extension that is requested. But, when I read Mr. Patterson's letter, it reads for instance:

[*English*]

> ... My department has been working flat out and has airlifted help from Ottawa in addition to assistance supplied by the editors of the *Canada Gazette*. Even with that help, the Department of Justice expects the revision will not be completed until the end of the summer.

He continues:

> The government of the Northwest Territories has worked hard and opened a considerable amount of (federal) money to meet the obligations established by Parliament. All of the statutes are now published completely in bilingual form and all bills proceed through the Assembly in both English and French.

[*Translation*]

I think it is obvious that they are doing their best. Therefore, the problem is a technical one. Their request for an extension until September seems reasonable. I hope however that, come September, we will not receive yet another such request. For this once, I agree and we will not delay the approval of the bill. My caucus and myself give leave for this bill to be now read the second time.

Motion agreed to and bill read second time.

[The Hon. the Speaker.]

REFERRAL TO COMMITTEE

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

• (1500)

[*English*]

Hon. Noel A. Kinsella: Honourable senators, with leave forthwith.

[*Translation*]

Senator Molgat: Honourable senators, from what I understand, there is enough time to refer this Bill to a committee. If that is so, I thought we might refer it to the Committee on Aboriginal Peoples, since the legislation deals with the Northwest Territories, where natives make up most of the government.

[*English*]

Senator Lynch-Staunton: If it is to go to committee, it should go to the Standing Committee on Legal and Constitutional Affairs.

On motion of Senator Kinsella, bill referred to the Standing Senate Committee on Legal and Constitutional Affairs.

GREECE

ONE HUNDRED AND SEVENTY-FIRST ANNIVERSARY OF COMMENCEMENT OF WAR OF INDEPENDENCE

Leave having been given to revert to Senators' Statements:

Hon. Philippe Deane Gigantès: Honourable senators, on March 25, 1821, Archimaudritis Ghermanos raised the flag of independence in Greece, parts of which had been under the Turks for some five centuries. During those five centuries the Greek spirit had not died, but under overwhelminging power by the Turkish Empire the Greeks could not rebel. By 1821 Turkey had been sufficiently enfeebled that, after a struggle that lasted eight years, modern Greece saw freedom and was able to establish itself as an independent nation with its own language. Ever since, it has been an ally of what we consider here our coalition. We have always been on the side of Britain and France in all wars and we have been good allies.

In World War II, Greek resistance was sensationally successful. The Greek Islands of the Aegean were liberated by a unit of 1,000 Greeks commanded by my father. They were facing 10,000 Germans. They killed 5,061 Germans and lost 19 of their own. The Greeks are good allies for us Canadians. I am proud to be a Canadian first of all and I am proud of my Greek blood, and this is a day when Senator Barootes and I celebrate this Greek blood we have.

Hon. Efstathios William Barootes: Honourable senators, I only wish to ally myself to the statements made by my good friend, Senator Gigantès, and to express the hope that all of us will take this opportunity to celebrate, not only the anniversary of the independence of Greece, which began in the modern era in 1821, but also that it was from the roots of that race that we in this country embody most of the principles of culture, civilization and democracy which we enjoy today and which I

hope we will continue to enjoy. I congratulate my confrere for bringing this matter to our attention.

[*Translation*]

CANADA DEPOSIT INSURANCE CORPORATION ACT

BILL TO AMEND—MOTION TO AUTHORIZE BANKING, TRADE AND COMMERCE COMMITTEE TO CONDUCT PRE-STUDY—DEBATE ADJOURNED

Hon. Jean-Maurice Simard, on behalf of Senator Lynch-Staunton, pursuant to notice of Thursday, March 19, 1992, moved:

> That the Standing Senate Committee on Banking, Trade and Commerce be authorized to examine the subject matter of Bill C-48, An Act to amend the Canada Deposit Insurance Corporation and to amend others Acts in consequence thereof, in advance of the said Bill coming before the Senate or any matter relating thereto.

Honourable senators, I can tell you right off . . .

The Hon. the Speaker: Are you proposing a motion.

Senator Simard: I thought I was speaking to a motion that was already before the House. If this is not the case, I would like to move that the Senate undertake a pre-study of the subject-matter of Bill C-48. I can guarantee, honourables senators, that there will be no preamble or question during this intervention. This is simply a request.

[*English*]

On Thursday December 12, 1991, the Minister of State (Finance and Privatization) introduced Bill C-48. After debate at second reading on Wednesday, February 5, 1992, the bill was referred to the Finance Committee for examination. Hearings in that committee are ongoing.

The bill expands the range of options available for dealing with troubled financial institutions. Under the existing *Canada Deposit Insurance Act*, the CDIC is empowered to institute proceedings to bring about the winding up of an insured financial institution that is insolvent or about to become bankrupt. Bill C-48 proposes that under specified conditions the CDIC could recommend that the shares and subordinated debt of a federal institution, insured by CDIC, be vested in the CDIC. The CDIC would then run the institution while it searched for a way to rescue the institution without winding it up.

A considerable number of questions have been raised about the bill, questions that I will address shortly. The issue I would like to address first, however, is the need for a pre-study of Bill C-48 by the Senate Committee on Banking, Trade and Commerce. On February 3 in the *Globe and Mail*, Mr. John Evans, the president of the Trust Companies Association, said:

> We are encouraging the government to proceed and get this through. Our sense is that there is some urgency. This bill provides the powers the Canada Deposit Insurance Corporation needs to come to a quick resolution of problem institutions.

He has reiterated this point in testimony before the finance committee in the other place. Furthermore, the Canadian Bankers Association has publicly supported the concept of the bill but has argued strongly that changes are needed to improve it.

• (1510)

A pre-study by the Senate Banking committee will serve two valuable purposes: First, the committee will be able to bring its expertise in the area of financial institutions to bear on the bill, in order to make constructive suggestions before the bill leaves the other place. This will serve the second purpose; that is, to expedite the movement of this bill through both chambers so that any situations involving problems do not drag on, raising questions of confidence in the system.

In the other place, a number of questions have been raised about the mechanics of the bill. I would now like to address some of those questions to indicate some of the issues that the Senate will have to deal with.

[*Translation*]

Honourable senators, in general, witnesses who appeared before the finance committee of the other place indicated some problems.

As a matter of fact, the Department of Finance already made certain changes to its bill. However, some important issues remain to be addressed. The committee has not yet completed its work.

The first issue relates to the need to protect depositors when negotiations are initiated regarding an institution in trouble. We must ensure that any lack of cooperation by shareholders and directors does not lead to hasty decisions that would penalize depositors. Some people also expressed the desire to have all senior creditors compensated. It is an important matter, a matter of equity.

Another issue worth mentioning is the possible proposal of an alternative mechanism. That alternative would require that the restructuring process take place at the assets level, which could facilitate the procedures under the existing legislative framework. The process now proposed in the legislation is complex; an alternative that could simplify the process would have to be examined more closely.

In closing, I could add that other issues were raised such as the right moment to assess the institution (when the vesting order is made rather than after), the members of the board of directors and the participation of the CDIC on that board. There are divergent interests in this matter and it would be necessary to clarify the issue keeping in mind that the first priority is the protection of depositors.

[*English*]

These are important issues which will require careful consideration. In beginning our study now, we can ensure that our deliberations are timely and effective.

[*Translation*]

Therefore, to invoke the usual arguments of our Deputy Leader in the Senate, this is a highly technical bill that has a considerably large scope. A pre-study could lead the govern-

ment to bring forward some amendments to Bill C-48, amendments that are not being considered at the moment.

[*English*]

I truly believe the case for pre-study is strong, and I invite the opposition to abandon their well-known strategy in this matter and accept my request for a pre-study.

Hon. Michael Kirby: Honourable senators, in rising to reply to some of the points that Senator Simard just made with respect to the government's request for a pre-study of Bill C-48, there are two or three points I would like to make before this issue is resolved.

Before making those points, let me say at the outset that I have not been absolutely opposed to the pre-study of bills as a matter of principle. I think this is well known in this chamber. For example, on the four finance bills which were considered this the fall by the Banking committee, I supported pre-study.

I am opposed to the pre-study of C-48, however, for the following reasons, and I pick up on a number of the points Senator Simard has made. He said quite correctly that the leaders of several of the financial institutions such as the Trust Companies Association and the Canadian Bankers Association are in favour of proceeding with legislation that deals with the general subject matter of Bill C-48, namely, the powers that the Superintendent of Financial Institutions is to be given in order to deal with a financial institution experiencing difficulty. The purpose of the bill is to give added powers to the superintendent to deal with situations when an institution is in trouble before it becomes a crisis. Therefore, in fact, a number of industry associations are in favour of this legislation.

It seems to me, however, that there is a significant problem associated with pre-study of this particular bill. The problem is, as Senator Simard pointed out, the Minister of Finance has already stated in the other place, and indeed I believe publicly to the press, that he intends to introduce significant amendments to the bill that is now before committee in the other place. In fact, because the government has not yet decided on what those amendments will be, the Senate Committee on Banking, Trade and Commerce would be left in a position of doing pre-study on a bill that is not the government's bill.

The government's bill, by the Minister of Finance's own admission, will be substantially changed to reflect many of the criticisms of the bill which industry associations and other knowledgeable commentators have made. The government has clearly indicated through its own minister that it intends to change the bill substantially, not merely to amend it with very minor changes that are essentially technical changes. Rather, the government has indicated that it will make substantial changes in order to respond to the criticisms that have been made of the bill.

It seems to me that for the Senate to proceed with the pre-study of a bill when in effect we do not have the major principles of the bill before us flies in the face of what I have always understood to be the purpose of pre-study. In fact, in my time in this chamber, I cannot recall ever being asked to pre-study a bill the content of which we did not know. That, in and of itself, strikes me as a rather bizarre and ridiculous situation.

The second observation I would like to make really refers to part of the debate which went on in this place yesterday with respect to whether or not your committee should pre-study Bill C-62. In the course of that debate, the Leader of the Opposition in the Senate, Senator Frith, quoted what he called the "Lynch-Staunton criteria" with respect to whether or not legislation ought to be pre-studied. One of those criteria clearly set out by Senator Lynch-Staunton some time ago is—and I am now quoting both from Senator Lynch-Staunton and from yesterday's *Debates of the Senate*—that if a bill is to be pre-studied, it should "cover a topic of extraordinary importance."

I find it difficult, if not impossible, to understand how the government could argue that Bill C-48 meets that test when in fact the bill has been designed in response to a report of a Royal Commission by former Judge Willard Estey. That report was given to the government six years ago, in 1986. If it has taken six years to go from a Royal Commission report to a piece of legislation, it seems to me that it is impossible to argue that the bill meets the test of "extraordinary importance" which Senator Lynch-Staunton has himself laid down as a criteria which must be met before pre-study.

My second observation is that in introducing the bill in the other place, the government ministers, both the Minister of State for Finance and the Minister of Finance himself, said that the bill was a response to and a means of implementing Judge Estey's recommendations of 1986.

I say parenthetically for senators who are not familiar with the history of this matter that Judge Estey was asked to conduct a Royal Commission into the collapse of two Alberta banks, and it was out of that Royal Commission that he recommended that the Superintendent of Financial Institutions be given increased powers to deal with cases where a financial institution was in trouble.

The dilemma, however, is that the government introduced the bill in the other place, saying that it was implementing the recommendations of Judge Estey, only to find out that Judge Estey has said, both in public statements and in the committee of the House of Commons—and indeed in writing to the chairman of the Banking committee of the House of Commons—that in fact the real mistake with the bill is that it does not implement his recommendations. It is precisely because of the rather devastating attack by Judge Estey on the draft of the bill tabled in the other place that the government has decided to rethink its major policy elements.

● (1520)

Indeed, in material readily available to senators, there exists in *Hansard* of the other place a series of proposed amendments to Bill C-48. They are amendments which Judge Estey labels "essential revisions". He does not merely call them "desirable amendments". They contain roughly a dozen major significant policy amendments. These are not minor amendments, but amendments which would change the entire process and the

[Senator Simard.]

entire set of powers which the Superintendent of Financial Institutions would have if the Superintendent were faced with a problem in a financial institution.

Bill C-48 has been described by Judge Estey as requiring a major revision. The government has said it was attempting to implement what Judge Estey recommended six years ago. On the basis of criticism from not only Judge Estey but a number of expert witnesses who appeared at committee hearings in the other place, the government has said it will change substantially the policy elements of the bill. Given these facts, it is inappropriate that we pre-study a bill whose fundamental policy will be changed by the government. It seems to me that leaves us in the position of pre-studying a bill whose fundamental contents we do not know.

Therefore, proceeding with a pre-study of this particular bill is not only totally foolish, but a significant waste of the time of the Senate's Banking, Trade and Commerce Committee.

Hon. Royce Frith (Leader of the Opposition): Having heard what Senator Kirby had to say, honourable senators, I want to put on the record that we on this side would be prepared to give leave to the government to withdraw this motion.

It seems to me, honourable senators, that this is an absolutely spectacular example of a bill that should not receive pre-study.

On motion of Senator Molgat, debate adjourned.

MOTOR VEHICLE SAFETY BILL

SECOND READING—DEBATE CONTINUED

On the Order:

> Resuming the debate on the motion of the Honourable Senator Oliver, seconded by the Honourable Senator Di Nino, for the second reading of Bill S-8, to regulate the manufacture and importation of motor vehicles and motor vehicle equipment to reduce the risk of death, injury and damage to property and the environment.

Hon. B. Alasdair Graham: Honourable senators, the motor vehicle safety bill was introduced by Senator Murray in the Senate on March 17. Essentially, the bill repeals the *Motor Vehicle Tire Safety Act* and amends the *Motor Vehicle Safety Act*, incorporating the former. Bill S-8 establishes national safety marks. It deals with vehicle and equipment standards, vehicle emissions, notices of safety defects and regulation making.

I thank Senator Oliver for his introduction and explanation of the bill. When speaking to Bill S-8 on March 19, he explained that when the *Motor Vehicle Safety Act* was first introduced, four domestic auto makers dominated sales in Canada. Today, there are other significant and important players from other countries in the Canadian auto industry.

The presence of such major international players necessitates changes to the *Motor Vehicle Safety Act* to ensure that, as Senator Oliver said, "... international vehicle manufacturers provide Canadians with the safest, most environmentally friendly vehicles."

However, if this bill is to have any real value, the changes it proposes must lead to substantial reductions in motor vehicle emissions, which are the single largest source of ozone and carbon monoxide emissions.

The bill is not too cumbersome, and I wish to look at some specific clauses of the proposed legislation.

Clause 3 deals with national safety marks and establishes national safety marks as national trade marks. These national safety marks can only be used by companies authorized by the Minister of Transport on a vehicle or equipment of a prescribed class. The minister will grant authorization if the vehicles or equipment the company manufacturers or distributes conform to the prescribed standards, including emissions standards. These standards will be found in regulations which will be approved subsequently by the Governor in Council.

Clause 4 of the bill provides that no company may ship from one province to another any vehicle or equipment manufactured in Canada, unless it has a national safety mark applied to it. I wonder what the full consequences of this provision might be other than to increase the size of the federal bureaucracy.

I wonder how this measure will affect Canadian manufacturers who, obviously, are struggling in the current recession. Are the provinces comfortable with this proposal? This may be a good initiative with respect to the manufacturing of entire vehicles, but what kind of equipment are we talking about?

Schedule I of the bill defines equipment as, first, tires; second, child restraint devices; and, third, restraint devices for disabled persons. That is not a lengthy list. I wonder, for example, why seatbelts or normal restraint systems are not included. In my opinion, the intent should be the same.

Clause 7(2) deals with exceptions for certain importations. A vehicle that does not meet our standards may be imported into Canada, if the purchaser signs a declaration that the vehicle will be brought up to the standards before it is registered with provincial licensing authorities. I wonder what kind of follow-up there will be to ensure that the undertaking in the declaration has been met and that the rubber does not hit the road, so to speak, until all obligations are complied with.

Clause 8 deals with emission credits. The bill proposes a system of so-called emission credits for vehicle manufacturers and importers. Under this system, companies can obtain such credits in three ways. One way is to produce a vehicle that more than satisfies the requirements of the established standards. This, of course, would be the most beneficial way to reduce emissions.

Another way to obtain credits would be to buy them from the federal government. To me, this seems self-defeating. If a company cannot conform to established emission standards, it does not really matter because it can get round those standards by buying credits from the government. I wonder if this would not be tantamount to purchasing a licence to pollute.

If the company for some reason or other cannot buy credits from the government, then it can buy them from companies which themselves have surplus extra credits.

● (1530)

Bill S-8 proposes to make those credits transferrable from company to company.

I understand that the credit system established in the United States' Clean Air Act is similar to the one proposed in this Bill. The overall goal of their system is to provide a least-cost option that allows the cheapest suppliers or producers to overachieve and handle a disproportionate share of the burden. Less efficient competitors can then buy credits.

However, honourable senators, the less efficient ones are the ones doing most of the damage, evidenced by the fact that they cannot get their own credits. I wonder why we are not introducing measures to cut emissions across the board, not just for those who can afford it? Are we in danger of establishing a double standard when it comes to emission controls?

In my opinion, this whole section will require a very careful examination and a much clearer explanation and rationale in committee.

Section 9 deals with vehicle exemptions. To further diminish the impact of the bill, a Canadian or foreign car manufacturer could request an exemption from the prescribed standards. If conformity with the standards would create substantial financial hardship for the company, the company could be exempted. If conformity would impede the development of new safety or emission control features that would be equivalent or superior to the prescribed standards, the company could be exempted. If conformity would impede the development of new kinds of vehicles, vehicle systems or components, again, the company could be exempted.

I want to observe, honourable senators, that these exemption provisions give the Governor in Council what I would judge to be an extraordinary level of discretion.

With respect to registration, under Bill S-8, a company that manufactures, imports or sells vehicles or equipment will be required to maintain a registration system as prescribed by regulation. As I mentioned earlier, by equipment we mean tires and restraint systems for children and disabled people. The registration system will include the name of any person who has purchased such equipment. This will help to facilitate the inspection process and aid manufacturers and sellers to contact consumers in the case of safety defects. This is particularly desirable in the case of child restraint devices.

Clause 14 deals with inspection. The legislating of standards, such as the ones in this bill, and punishments for offenses are of no use unless there is a watchdog to ensure the standards are being met and, when they are not met, that penalties are paid. The proposed amendments will give the Minister of Transport the authority to designate an automotive expert to act as a watchdog. I wonder if these automotive experts who would be inspecting vehicles and equipment will receive a salary. If so, will payment come from the federal government? The bill is not clear about this.

I want to draw this particular point to the direct attention of the Leader of the Government in the Senate because I am concerned that if this bill does have financial implications, because of the appointment of an automotive inspector or inspectors, a question arises about the necessity of a Royal Recommendation. I am not proposing to raise a point of order, but perhaps Senator Oliver or Senator Murray could assure us that this particular point has been addressed.

Approximately how many inspectors are we talking about? Will this create a new level of bureaucracy, new employment, or both? Would these inspectors be individuals presently within the employ of the federal government? What role will the provinces play? Are there any implications with respect to provincial legislation?

I leave that clause and turn to clause 17 which deals with offenses and punishment. The punishments that can be imposed for contravention of the Act are substantial. If a corporation is found guilty of an offence punishable on summary conviction, it is liable to a fine of up to $100,000. The fine for a company found guilty of an indictable offence can be as high as $1,000,000. An individual convicted of breaching the act could face a $10,000 fine and/or a term of imprisonment of up to two years. However, honourable senators, realistically, what are the chances of any corporation being fined?

First, as I said earlier, a corporation can always buy credits for its inability to conform to prescribed emission standards. Secondly, it can plead for exemption from the standards on a number of grounds. So, really, enforcement will only be as good as the inspection system that is set in place.

In conclusion, honourable senators, the main thrust of Bill S-8 is to establish emission standards, which everyone will agree are urgently needed in this country and throughout the world. However, since these emission standards will be set by regulations made by the Governor in Council, the legislation will have no teeth until the regulations are made.

I am concerned that the credit system the Bill establishes will not ensure that prescribed standards are followed. Rather, it will ensure the development of what may be termed "credit trading". For some companies, it may be cheaper to purchase the credits than to employ measures to reduce emissions and conform to other standards. And, as if that were not enough, a company unable to conform could always apply for an exemption.

Although we believe that the government's initiative is indeed very praiseworthy, we are not yet convinced that this bill in its present form represents the best way to achieve what all Canadians want, namely, a safer and cleaner environment. We look forward to a thorough examination of this bill, and of the philosophy and rationale underlying the government's approach, when this bill is examined, as expected, by the Standing Senate Committee on Transport and Communications.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, I wonder if the government will have a look at the comment made by my colleague regarding the possibility of the need for a Royal Recommendation, because if that is so, then I think we should reconsider proceeding

[Senator Graham.]

further with the bill at this point. Perhaps we should have a legal opinion on the matter.

Hon. Lowell Murray (Leader of the Government): Honourable senators, I heard the question raised by my friend Senator Graham during his speech. I had hoped that perhaps by the time he sat down I might have some prepared document that I could refer to in dealing with this question. I do not have such a document at the moment, but I shall certainly endeavour to obtain one.

For the moment, let me simply observe that members of the House of Commons, including—and perhaps especially including—ministers of the Crown sitting in that place, are quite jealous of the royal prerogatives in these matters, and they would be the first, I think, to raise an objection if it were suggested that a bill requiring a Royal Recommendation was to be presented anywhere but in the House of Commons, and by anyone other than a minister of the Crown.

● (1540)

Having said that, I shall obtain a more considered and formal reply and place it on the record at the earliest opportunity.

On motion of Senator Molgat, debate adjourned.

CANADA ASSISTANCE PLAN

BILL TO AMEND—THIRD READING—NOTICE OF MOTION TO INVOKE THE PROVISIONS OF RULE 40

On the Order:

Resuming the debate on the motion of the Honourable Senator Bolduc, seconded by the Honourable Senator Grimard, for the third reading of Bill C-32, An Act to amend the Canada Assistance Plan.

Hon. Joyce Fairbairn: Honourable senators, I should like to stand the debate on this bill until tomorrow, when I will be prepared to speak.

Hon. John Lynch Staunton (Deputy Leader of the Government): Honourable senators, Bill C-32 is a bill which we expect to vote on, pass and give Royal Assent to by the obvious deadline, which is March 31 at midnight. I have had discussions with the Deputy Leader of the Opposition on at least two occasions, trying to come to an agreement on time allocation so that we could meet that deadline. Unfortunately, at least for our side, we have not been able to extract a commitment that a vote would be taken, at the latest, on Tuesday, the 31st of March.

Therefore, having exhausted the voluntary approach, I wish to give notice of the following motion:

THAT pursuant to the provisions of Rule 40 and in relation to Bill C-32, an act to amend the Canada Assistance Plan, not more than six further hours of debate be allotted to the consideration of the said bill at the third reading stage;

THAT when the debate comes to an end or when the time provided for the debate has expired, as the case may be, the Speaker shall interrupt, if required, any proceeding then before the Senate and put forthwith and successively every question necessary to dispose of the remaining stages of the said bill;

THAT any recorded vote on the said questions shall be taken in accordance with the provisions of Rule 40(4).

THE BUDGET

STATEMENT OF MINISTER OF FINANCE—DEBATE CONTINUED

On the Order:

Resuming the debate on the inquiry of the Honourable Senator Murray, P.C., calling the attention of the Senate to the Budget presented by the Honourable Don Mazankowski, Minister of Finance, on Tuesday, February 25, 1992.—(*Honourable Senator Robertson*).

Hon. Douglas D. Everett: Honourable senators, I will confine my remarks on the budget to the policies followed by the Bank of Canada. While the budget addresses itself to fiscal policy and to the level of taxation in Canada, it cannot be effective unless it dovetails with the monetary policy set out by the Bank of Canada. Of course, as honourable senators know, the ultimate responsibility for monetary policy in Canada rests with the Minister of Finance and, through him, on the government of the day.

The policy of the Bank of Canada, as enunciated by Governor Crow, is that its objective is price stability. That is achieved through the control of liquidity within the monetary system; in short, the control of the expansion of money and credit.

I happen to agree with the policy that is enunciated by the governor, and certainly with his view that continuing accommodation by monetary policy of the expansion of the economy will result in inflation. The prescription is often put forward by people that perhaps a gentle form of inflation will lubricate the economy and make it operate a great deal better than the stringency that has been employed by the central bank in the last couple of years.

Unfortunately, gentle inflation does not work. As we saw through the sixties and seventies, gentle inflation becomes, after a period of time, virulent inflation and decisions on the economy are skewed away from proper productivity and toward protecting oneself from the ravages of inflation.

Monetary policy works through the demand side of the equation, and I agree again with the governor that it involves very long lags. For that reason there is no quick pay-off. Those who expect some quick pay-off from the operation of monetary policy will, of course, be disappointed, and the governor is quite right to hold to his course.

The actions of the central bank in Canada have been very stringent. M-1, which is the indicator of nominal spending, is up 4.1 per cent at the present time versus 8.7 per cent last August. M-2, which is the indicator of inflation, is up 6.1 per cent versus 8.7 per cent last March. Just to put that in context, I said up 6.1 per cent. A 2 to 3 per cent inflation target is

achievable if M-2 is growing at a rate of 7.5 to 8.5 per cent. In other words, the growth of M-2 at the present time would indicate a more stringent inflationary result than the governor and the Minister of Finance have predicted and hoped for. They are hoping to start at the end of 1992 at a 3 per cent increase in inflation, going down to 2 per cent by the middle of 1994.

The policy at the present time—that is the indication of inflation—indicates a much more stringent effect of the policies of the government, and that inflation will likely fall well below the targeted limits.

One has to say that the enunciated policy has been successful. Inflation is at its lowest level in 20 years. It is the lowest of the G-7 countries. Interest rates are down and, as of this morning, the exchange rate with the U.S. has fallen to 83.91 cents.

But what is the cost of this policy? Unemployment is at 10.4 per cent. Manufacturing is operating at 70 per cent of capacity. Manufacturing shipments are at a five-year low and plants are closing, as we all know, or very often moving to the United States. Cross-border shopping has become almost an epidemic. Even in January same-day trips were up 13.6 per cent over the previous month.

● (1550)

Senators are aware of the devastation of the retail trade and the consequent devastation of shopping centres across this country, most especially concerning the retail trade in clothing.

One wonders if there is some way of combining the objectives of the governor with some sort of relief. I suggest, honourable senators, that there is. That can be achieved by lowering the exchange rate.

The Canadian dollar at present is 5 per cent above the 1980 trade-weighted average of the countries with whom we deal. With the United States, it is 10 per cent over the average of 1980. It has been shown, time and time again, that parity pricing with the United States—that is, what a dollar will buy here and what the same dollar will buy in the United States—is 80 cents. In other words, the Canadian dollar should be at a level of 80 cents in comparison to the American dollar. I suspect that parity pricing would indicate, in light of recent tax increases, to be less than 80 cents.

Let us have a brief look at Mr. Crow's approach. He states that they do not target interest or exchange rates in setting monetary policy. All they are concerned about is the internal integrity of the Canadian dollar. However, let us look at what happened.

The exchange rate dropped recently. Immediately, the Bank of Canada tightened liquidity within the system, interest rates went up, and the exchange rate adjusted upward. At the same time, the central bank was very active in buying Canadian dollars in the foreign exchange market. For Mr. Crow to say that he does not target interest or exchange rates is a complete misreading of the truth and of the facts.

Senator Gigantès: It is a lie. Do you mean a lie?

Senator Everett: In parliamentary terms, one cannot use—

[Senator Everett.]

Senator Gigantès: He is not a member of the Parliament. You can.

Senator Everett: In parliamentary terms, one cannot use that point.

Senator Gigantès: But that is what you mean.

Senator Everett: No. I am saying it is a misapplication of the true facts. Mr. Crow states that internal integrity of the currency is what his target is. He states that a concomitant of that may affect exchange rates and interest rates, but he himself, as a matter of policy of the bank, does not target exchange rates or interest rates. I am saying to you that we have evidence that when the exchange rate took a drop, Mr. Crow reacted to hold it up. Surely that indicates that the level of the exchange rate is some sort of target.

Senator Gigantès: So he is guilty of a terminological lack of rectitude; is that it?

Senator Everett: I am not sure how to answer that. I thought I had explained fully, senator, what I think of the targeting—

Senator Gigantès: Well, you do not like the word "lie", so I gave you a parliamentary euphemism.

Senator Everett: I do not like the word "lie". I do not like to use it, and I do not think it is necessary to use it, nor do I think it is necessary to accuse Mr. Crow of anything of that nature. What I am saying is that his policy, which is enunciated in terms of the internal integrity of the Canadian dollar, is more than that; that he is, in fact, targeting the level of interest rates and the level of exchange rates.

Mr. Crow, in agreement with the government, also gives us targets for inflation and lectures us on the level of wage increases within the economy. Yet, it is interesting to note that he will not disclose the level of his own salary or how much it has increased during the period he has been lecturing others in keeping their wage increases under control. What we do know is that the average salary in the Bank of Canada in 1991 was up 6.6 per cent versus public sector increases in the same year of 3.5 per cent and private sector increases in the same year of 4.3 per cent.

Governor Crow states that the broad objective of monetary policy must be to enhance the standard of living of Canadians. Well, if that is the case, is the only criteria the internal value and integrity of the dollar? Clearly not. You cannot just zero in on the internal integrity of the dollar. You must be concerned with the level of interest rates. You must be concerned with the exchange rate.

What the Bank of Canada hopes is that our inflation rate will be less than that of our trading partners. As a result of that, our exchange rate, which will stay high, will represent a new parity pricing, because our inflation rate will hold prices down; their inflation rate will cause their prices to go up. It may happen that way, but do not forget that I said earlier that monetary policy operates with very long lags. So if it is to happen in that way, it will be a very long and very painful process.

We are inclined to think that by lowering inflation we will somehow put ourselves in the same position as Germany, namely, of having a very sound, hard currency in which people will want to invest. That is the central thrust of the policy of the Bank of Canada. They want a lower inflation rate. However, the problem with that is that, because of our deficits, and most especially our current account deficit, the low inflation rates which the Bank of Canada is achieving will not necessarily be equated by foreign investors with the Canadian dollar being a hard currency.

The difference in parity pricing between the United States and Canada has largely, in the last while, been due to tax increases. Just look at them: Tobacco, gasoline, transit, tuition, electricity, water, reality rates, and you can go on and on, to say nothing of the effect on prices of marketing boards. In fact, that is where the increase in prices is coming from, not from the private economy as such. As a matter of fact, the industrial product price index, which is based on the price of manufactured goods in Canada, is lower today than it was three years ago. Our trade surplus in 1991 was $7.4 billion, down from $10.9 billion in 1990.

It is true that we are in a bind. We introduced all sorts of social programs and landing nets in the sixties and the seventies. They were small at the start, but after a while they took on a life of their own. That was fine. We were able to accommodate them, and inflation pushed up revenues by virtue of people moving into higher tax brackets. However, not only did inflation push up revenues, it pushed up costs. It pushed up costs eventually faster than revenues. Instead of raising taxes, we indulged in deficit financing, and that is the problem that we have today.

The only way out of this situation is increased production and increased productivity. It seems to me that we should look at the effects of a lower exchange rate.

The Hon. the Speaker *pro tempore:* I wish to inform the honourable senator that his time is up.

Senator Gigantès: I want to answer the Honourable Senator Everett.

The Hon. the Speaker *pro tempore:* Does the honourable senator have unanimous approval to continue?

Hon. Senators: Agreed.

Senator Stewart: Again and again it is demonstrated that this rule is foolish.

● (1600)

Senator Everett: I thank honourable senators for their courtesy.

I am suggesting that the target of a lower exchange rate—that is, one that will more properly represent parity pricing and one that is in the 80 cent or lower level in relation to the U.S. dollar—is a valid and sound policy prescription for the central bank. It will increase productivity, and through increased productivity and production there will be funds for investment, again increasing productivity. There will also be a greater amount of buying of goods in Canada instead of through imports; a diminution in cross-border shopping; an improvement in the travel deficit; and, most importantly, improvements in the current account deficit.

The question we have to ask ourselves is: Will such a policy prescription have an inflationary effect? It is true that it will require an increase in the monetary aggregates. A five per cent fall in the dollar would add one per cent to consumer prices in ordinary circumstances, but given the stringent position of the central bank and the level which M-1 and M-2 are at today, I contend that it will have very little, if any, effect on consumer prices.

Over and above that, an adjustment in the exchange rate is a one-time adjustment. The governor, in his annual report and in the speeches throughout this last year, has underscored the fact that the increase in direct taxes such as the GST has a one-time effect. Once accommodated, they no longer affect the rate of inflation. The same is true for an adjustment in the exchange rate. It is a one-time effect and in the present climate, in my judgment, it can be accommodated.

However, it will have a very beneficial effect. It will stop the devastation of this economy, which is going on right now as a result of central bank policy. It will allow progress by greater sales through our exports and by the reduction of imports so that more of our domestic product can be bought by Canadian retailers.

Do not forget that I am not talking about an egregious reduction in the value of the Canadian dollar, one that would insulate inefficiency. I am talking about one that brings the Canadian dollar to parity pricing with the American dollar.

Even if my prescription were not accepted and it was proven to be ill-advised, I contend that it will happen in any event and we will be powerless to stop it.

At the present time foreign lenders hold $260 billion of Canadian debt. Our current account is in extreme deficit at an annual rate today of $32.2 billion. That is four per cent of the gross domestic product, which is higher than any major economy in the world. Our trade surplus is now only $3.7 billion in 1991, and our non-trade deficit is $35.9 billion. Most of that is composed of the travel deficit, dividends and interest that are flowing out of the country. That has only started.

The provinces have been borrowing in foreign countries at an accelerating rate. But non-government borrowing due to the recession has been at a very low point. It will increase. We can expect that if something is not done, the reliance on foreign borrowing will grow and that the out-flow of moneys to service our debt will increase to a very high level. At that point the dollar will fall, whether the governor wants it to or not.

That borrowing is caused by the difference in rates between here and the rest of the world. Have a look at the difference in rates between here and the United States. On three-month treasury bills the rate in Canada is 7.20 per cent as against roughly 4.25 per cent in the United States. On 30-year bonds it is 9.15 per cent versus 7.94 per cent in the United States.

People will argue that interest rates have come down and they will argue that the spread has narrowed. But if you can

buy some goods at a store at 30 per cent below another store, you will deal with the first store. If that spread drops from 30 per cent to 15 per cent you will still deal with that store because it is a better deal. Financing is going on in the United States and throughout the world by provinces and by the federal government because the rate advantage is there. That will continue, and as it continues the pressure will build up for an egregious drop in the Canadian dollar.

Hon. Royce Frith (Leader of the Opposition): He keeps using Senator Murray's word, "egregious".

Senator Everett: My feeling is that the government should no longer resist the change. The policy option is open to reduce the value of the Canadian dollar. Not doing it is extremely harmful to the economy. We are seeing the results of it today. It will happen anyway. If the reduction is made it will have benefits for the economy. I do not believe that it will be inflationary. We are better to do it now while we might have the opportunity to control it rather than getting into a position where the pressures have built up, perhaps to be exacerbated by constitutional difficulties and to see a freefall of the dollar that perhaps we could not control.

I have been talking about this now for well over a year. The time is getting short. The change in policy must be made. I know that you back the governor all the way, but I appeal to the government, because you have the final responsibility for monetary policy, to make that change.

● (1610)

Hon. Philippe Deane Gigantès: Honourable senators, I can only add my voice to the treatise of Senator Everett. Certainly, we should listen to him when it comes to letting the value of the dollar drop. But we should also ask ourselves, why has his sound businesslike advice not been taken by a government that is supposed to represent business interests?

It is a philosophical point. The budget that Mr. Mazankowski has presented, just like those presented by Mr. Michael Wilson in the past, followed the philosophy of Margaret Thatcher and Ronald Reagan: you feed a horse some oats and eventually a grain or two will come out at the other end for the sparrows to eat. So you lower taxes for the rich, you raise the interest they can earn on their money, you make it easy for them to take their capital abroad and you grind the faces of the poor through taxes.

This is presented as a policy for fighting the deficit. What the policy does is make the rich richer and the poor poorer and consumption falls because the poor, unfortunately, are much more numerous than the rich. That lower consumption plus higher interest rates drives farms and small businesses to bankruptcy and increases unemployment, all in the name of fighting inflation.

There are other ways of fighting inflation than allowing interest rates to rise. Walter Thurow of MIT has suggested the use of the income tax system, and that excessive demands by unions that exceed 5 per cent year over year will be totally taxed away. The same thing can be done with profits, including capital gains. However, that would not please the rich. Rich lenders, rich depositors like high interest rates; they make a lot of money.

[Senator Everett.]

What I am saying will be characterized by right wing senators as being passé. Job creation has proven to be the best way to compress deficits and, therefore, the best way to compress national debts. Take the OECD statistics and look at which are the countries with the lowest debt as a percentage of GDP, year after year after year. They all happen to be countries that make job creation a central part of their economic policy. Why? I am giving you 1989 figures. They can be increased by the inflation rate since then.

The average unemployed person in Canada in 1989 earned $15,000 before he or she lost his or her job. For that $15,000, they produced $15,000 of goods or services. That is what a wage or a salary means. A person is paid for the goods or services turned out. When they become unemployed, they still cost society $15,000—about $9,200 in unemployment payments and the rest in lost revenue and increased social costs. We have the same cost per person whether that person is employed or unemployed. However, when the person is unemployed, he or she does not produce $15,000 worth of goods or services. Therefore, if we are paying that person unemployment insurance or welfare, without that person making any addition to the gross domestic product and therefore without being able to pay sufficient taxes to finance all these programs, then we have a deficit and we add to the national debt.

The countries that have understood this mechanism are those that have no national debt. Norway has been running a surplus for the past 17 years because of following such policies.

We are told that if we use such methods, the people with money to invest will not invest here; that they do not like such constraints; that government annoys them, and they will go elsewhere. There are sufficient savings generated in Canada that we can keep from running away. If our private investors will take their marbles and go elsewhere, then we should say that pension funds cannot invest even 1 per cent—nothing, no part of their funds—abroad. They must invest it all in Canada. That would generate sufficient investment within the country to create jobs.

Honourable senators will hear very strong propaganda against what I am suggesting. It is perfectly natural that you would hear such propaganda. Who hires economists as consultants at very high fees? Business people who think the opposite of what I think. Who buys newspapers and fires a decent editor and replaces that decent editor with an editor and an economic editor, both of whom are a cross between a pterodactyl and tyrannosaurus rex? Rich people do. It is not the people who cannot afford—yes, you know of that which I speak, Sir.

Senator Doyle: Carry on.

Senator Gigantès: The people who have funds seem to prefer to take their money and invest it in places where workers will work for starvation wages compared to the wages here. This era will come to an end and sooner than we think, I hope. The European community will show the way. It will say

to its investors, "Of course, go ahead, take your money and invest it in Iraq. We will not allow you to sell back to us what you will produce in Iraq." This will happen. By inadvertence, perhaps without knowing what they are doing, the Americans might elect a president who will follow suit on the European community. Then we will enter a new era where trade will be calculated in terms of jobs; where one of these big blocs will say to another bloc, "I will import one of your products and lose 10 jobs provided you import one of mine and let me create 10 jobs."

This is not the invisible hand; this is not the free market; this is not free trade, but let us not forget that Ricardo said free trade works only in conditions of full employment; it does not work otherwise, and the unemployed have votes. We live in democratic societies and the countries of Europe will use their votes sooner rather than later to say that they do not want to export jobs.

Felix Rohatyn, a banker who is the managing partner of Lazard Frères in New York, wrote a sensational article quite some years ago saying that we cannot ignore our producers. We will not be able indefinitely to export jobs to Korea, Taiwan, Singapore and Japan. The time will come when we will have to say, we trade in jobs.

What I propose can be made to work. It can be demonstrated, and there have been people who have made this demonstration: notable, able economists. We have to ask ourselves: Why is such advice ignored by Thatcherite, Reaganite, Wilsonite, Mazankowskiite governments? Because of a philosophical block—Eat the poor. Get a receipt.

• (1620)

On motion of Senator Lynch-Staunton, debate adjourned.

SPECIAL JOINT COMMITTEE ON A RENEWED CANADA

CONSIDERATION OF REPORT—DEBATE CONTINUED

On the Order:

Resuming the debate on the consideration of the report of the Special Joint Committee on a Renewed Canada, dated 28th February, 1992 (Sessional Paper 343-416A).

Hon. John Buchanan: Honourable senators, I do not intend to take too much time this afternoon, but I do believe it may be important that I say something with respect to the constitutional process and the various conferences that have been held over the last 14 years in Canada. I have been fortunate—some might say "unfortunate"— to have participated in every conference since 1978. I was a signatory to the 1981-82 accord, the Meech Lake Accord of 1987 and the constitutional agreement of 1990. It is important to note that intense negotiations have been held on constitutional conferences going way back to the 1960s, culminating in 1971 with an unsuccessful conference. There was then a delay for eight years to about 1979, culminating at that point in the patriation of the Constitution and the other matters of the *Constitution Act, 1982*, and then coming forward again to 1986, 1987 and to 1990.

I think it is important that we take a look at the process that was followed because there has been some discussion and criticism about process, particularly on the Meech Lake Accord and events leading up to it. Therefore I think it is important that we look back at the process that was followed between 1979 and 1982. There is a good review of the history of this process by Jack Pickersgill in the *Toronto Sun* or the *Ottawa Sun*, I am not sure which. Every member of the Senate should read it because it indicates clearly what actually happened in 1982, in 1987 and in 1990, and it puts some of the criticism to rest.

I recall the 1979 conference, which was the first one I attended on the Constitution. I recall the 1980 conference, the 1981 conference, and the final meetings in 1981 leading to the signing, by Her Majesty the Queen in 1982, of the *Constitution Act, 1982*.

Let us look at the process. There has been a lot of criticism about Meech Lake. The criticism was that it was a pressure-cooker negotiation. It was held behind closed doors for a week in 1987 and again in 1990 in the Conference Centre for about one week.

Let us look back at 1979, 1980, 1981. I was there. The conference held over in the Conference Centre in 1979 was not a lengthy conference. It set up the parameters of what the governments of the day wanted to achieve with respect to the patriation of the Constitution, some discussion on the new idea of the Charter of Rights and an amending formula. In 1980-81, more meat was put on the negotiations. A phenomenon occurred at that time when one of the provinces, namely the Province of Quebec, left the negotiating table, and I will recall that day as long as I live.

Therefore in a process that was to involve ten provinces and the Government of Canada, we ended up with nine provinces and the Government of Canada. We ended up in a process where there was very little public participation, if any, as I recall. We ended up in a process where none of the provincial legislatures were even consulted by any of the premiers, including myself. I will accept some of that blame. I signed a document which was probably the most profound, all-encompassing document involving the Constitution of Canada since 1867. I signed it but it never did go to our legislature, and it was never the topic of a public discussion in any of the provinces, as I recall. That was the process.

It was even worse than that, because the Prime Minister of the day decided that we premiers were irrelevant to the situation, that it was totally unnecessary for us to even be in the room, that our signature was not required at all. He was willing to go it alone with the Government of Canada, until some of us decided that things had gone too far, and the Supreme Court of Canada was consulted.

The Supreme Court of Canada decided that Mr. Trudeau was wrong, that the provinces had to be consulted, and that there must be a consensus of the provinces in the Constitution reform or amendment package. So we went back to the table. We were not in an open conference centre very much of the

time. We were upstairs in the same room in 1981 where we were closeted in 1990, not for one or two days but for two and a half or three days at a time. We even stayed over on a beautiful Sunday afternoon, when we took a break and went for a cruise down the canal.

Senator Bonnell: That cleared your mind.

Senator Buchanan: It did.

Senator Molgat: You did not roll any dice, though.

Senator Buchanan: I can tell you there was more than dice thrown in that room.

Senator Frith: What does that mean?

Senator Buchanan: Let's not worry ourselves about process if you go back to the 1978-1982 conferences on the Constitution.

So we bring things ahead now to the conferences of 1986, which commenced with a premiers' conference in Edmonton, where Premier Bourassa brought forward his five points, which I thought were logical and reasonable. Many of us thought that they should be committed to paper quickly and agreed upon, but that was not to happen, at least as quickly as all that.

There are many who say that the process from 1986 to 1987 and on into 1990 was totally flawed because there was no public participation, because it was a pressure-cooker kind of negotiation, because there was little consultation. That is absolutely incorrect. I was there from 1978 to 1982, from 1986 to 1990. There was very little difference in the kind of negotiations that went on, other than the fact that in the 1978-1982 talks there was a move to exclude the provinces entirely.

● (1630)

That certainly was not the case in the period from 1986 to 1990. It has been said that Meech Lake was flawed; that there was no discussion by the provinces, or that there was very little discussion, that is in the overall picture, by the provinces or the people within the provinces. But that is not so.

Senator Frith: When you say the provinces, the—

Senator Buchanan: The people within the province. The people within the provinces, as contrasted to the period from 1979 to 1981-82 when, as I recall, there was no public participation and none by the legislatures whatsoever.

Senator Frith: Just the premiers.

Senator Buchanan: Just the premiers.

Senator Frith: Always the premiers, throughout the whole scene.

Senator Buchanan: We signed the documents. Nothing was ever referred to our legislatures, and that, looking back, was probably wrong.

Senator Stewart: Was that true in the House of Commons?

Senator Buchanan: I will accept part of the blame for that, because I participated in it, but that is not to say it was right.

[Senator Buchanan.]

Senator Frith: You are referring to the provinces, not the House of Commons.

Senator Buchanan: I am talking about the provinces. But now let us look at Meech Lake and what happened. In 1986, the premier of the province of Quebec brought forth his proposals.

Hon. Royce Frith (Leader of the Opposition): Incidentally, in fairness, senator, at the time you are speaking of, there was no constitutional provision that required the participation of the legislatures, whereas the 1981-82 formula did require the participation of the legislatures.

Senator Buchanan: I entirely agree. What I am doing is contrasting—

Senator Frith: I thought you were rolling them all into the same ball.

Senator Buchanan: I am not rolling them into one. I am simply saying that those who complained and criticized Meech Lake should look back at what did happen in the 1981-82 accord, where there was very little public participation and no participation or ratification by any legislature. I am not saying it was necessary, because at the time it was not.

Senator Frith: But at the time of Meech Lake, there was a constitutional provision requiring the legislatures—

Senator Buchanan: Agreed. I have no difficulty with that. I know all about it.

Senator Frith: That distinction is important.

Senator Buchanan: Well, the distinction is important, but I am not saying that here. What I am contrasting is the criticism of Meech Lake by certain people who were present at the time when the 1981-82 accord was agreed to. The same people who now criticize and have criticized Meech Lake were present in the period from 1979 to 1982.

Senator Frith: But the constitutional conditions were different for Meech Lake.

Senator Buchanan: That does not matter. I am talking about those people who criticized the process in 1986.

Senator Frith: But the—

Senator Simard: Order, please.

Senator Buchanan: Thank you.

Senator Frith: Senator Simard walks in in the middle of the debate and calls for order.

Senator Simard: That is right.

Senator Frith: With his newspaper under his arm.

Senator Buchanan: Honourable senators, in the period from 1986 to 1987, it has been said that there was very little participation other than by the Government of Canada and the premiers. That is not true either. Between 1986 and 1987 there were intense negotiations by officials from all ten provinces and the Government of Canada. There were various meetings held between the premiers, and many meetings held by

individual premiers with the Prime Minister throughout that period culminating, as I have said, in 1987 at Meech Lake. After negotiations which lasted into the night, we were able to get ten premiers and a Prime Minister to sign an accord. I believe that was the first time that an accord of that type had been agreed to by every province in Canada and by the government of Canada.

It was an historic event. I recall we were all very pleased: pleased with ourselves, pleased with our officials, pleased for the country, pleased for the people of Canada. I remember that the premier of Quebec was pretty pleased with it, too.

Senator Molgat: The people were not pleased.

Senator Buchanan: The people were pleased with it. I am glad he said that, honourable senators. I recall between 1987 and 1990 there were very few people in this country who criticized Meech Lake. I recall that at the Sheraton Hotel in Halifax I spoke to a national organization in 1987 after we had signed the Meech Lake Accord, and I said how proud I was to have been present to see Canada come together with a new constitutional amendment. I got a standing ovation for it at the time.

Some Hon. Senators: Hear, hear!

Senator Molgat: But you couldn't have read any of the polls. Every poll in the country said the reverse.

The Hon. the Speaker *pro tempore:* Order, please.

Senator Buchanan: Remember this: It was fine by ten premiers and the Prime Minister of Canada. This was the first time such an accord had been signed, and there was unanimity.

Senator Molgat: Every poll disagreed.

Senator Buchanan: Oh, come on. Come on.

Senator Molgat: Absolutely true.

Senator Frith: He is trying to tell us the facts. We have to accept those facts, too.

Senator Buchanan: It is interesting to look back to those years. The process was not complete in 1987 because, as the Leader of the Opposition has said, we had to go through a three-year waiting period which commenced when the National Assembly of Quebec ratified the Meech Lake accord on June 23, 1987. Then the clock started to tick for three years to June 23, 1990.

Senator Frith: And submission to legislatures.

Senator Buchanan: That is right. Ratification by the legislatures. I was very pleased that we in Nova Scotia were one of the first, or among the first, of the provinces to ratify it, followed by every province in Canada, including Newfoundland, except Manitoba and New Brunswick. It is history, of course, what happened after that.

I think it is important to note that during the period from 1986 to 1990, there was much public participation. There were no pressure-cooker tactics, as some people in this country have complained. There was public participation from Vancouver, Victoria, all the way right to Newfoundland.

Senator Frith: That was the beauty of the 1981-82 formula. It was not required.

Senator Buchanan: It was not the beauty of the formula. The Prime Minister of the day tried to kick every province in Canada into negotiations. The only reason it did not happen is because the Supreme Court of Canada intervened and told him he could not do that.

Senator Frith: I do not understand why you are not proud of what you did.

Senator Buchanan: I have already indicated that I was.

Senator Gigantès: You signed it.

Senator Buchanan: I signed it. Absolutely, I signed it. I quite agree with it. I look back now and wonder if the country would have been better off if we had not signed it, but history will record whether we were right, wrong or indifferent.

Now we come to 1990. Every province had signed in 1987. There were provincial elections in some provinces. One province, New Brunswick, had not ratified the accord, but subsequently agreed to do so. That left basically two provinces. In one of them, Newfoundland, the accord had been ratified, but then the ratification was voided by the action of the new Clyde Wells government.

I think it is important that we look at what happened in 1990. We met in the Conference Centre in Ottawa, and then we concluded over a period of five or six days in the room upstairs. Nobody in that room would agree with critics who say it was a pressure-cooker atmosphere. It was not. It was an atmosphere where we wanted to reach an agreement with the two provinces that still had not signed the final accord. The participation was there. The public participation had been there. The provinces had all been consulted. The House of Commons and the Senate had ratified—-

Senator Frith: What?

Senator Buchanan: The Meech Lake Accord.

Senator Frith: We had not.

Senator Buchanan: Perhaps the Senate had not. I said some things about the Senate at that time that I take back, by the way.

Senator Frith: That is why I raised the point.

Senator Buchanan: I am allowed to change my mind. I suggest the Senate can be, and will be, a very vital institution in the constitutional life of Canada. How is that?

Senator Frith: That is good. That is very good.

Senator Buchanan: Now—

Senator Frith: Very acceptable repentance.

Senator Buchanan: I think we should also note again that those people who complained about and criticized the Meech Lake Accord were the same people who were present in the period from 1979 to 1981 during the negotiations for the

repatriation accord, the Charter of Rights, et cetera. In fact, one of the players, presently a premier, and a few others negotiated clauses of that repatriation agreement in a kitchen in a hotel here in Ottawa.

Senator Frith: You mean some. Not all of them.

● (1640)

Senator Buchanan: I was informed about 2 o'clock in the morning that an agreement was imminent, and that it had been negotiated in the kitchen.

Senator Gigantès: Why did you sign it, then?

Senator Buchanan: Who was the chief negotiator in the kitchen?

Senator Gigantès: You signed it.

Senator Buchanan: It was not the Prime Minister.

Senator Gigantès: You signed it.

Senator Buchanan: That is irrelevant.

Senator Gigantès: Your signature is on it.

Senator Buchanan: I am suggesting to you that those people who complained about pressure-cooker tactics are the same people who were themselves in the kitchen, negotiating.

Senator Simard: Who was the leader?

Senator Buchanan: Oh, I think you know.

Senator Simard: Tell us, please. Please, we insist.

Senator Buchanan: His name was Jean Chrétian.

Senator Simard: Oh, the Liberal leader.

Senator Buchanan: And the other gentleman was Roy Romanow.

An Hon. Senator: The saviours of Quebec.

Senator Frith: You are not saying all the critics of the Meech Lake Accord were in the kitchen? It was a big kitchen.

Senator Buchanan: They are the ones who complained about pressure cookers. There are many pressure cookers and pots in the kitchen of the Chateau Laurier Hotel. So why should they complain?

Senator Frith: But thousands of people criticized that agreement. Were they all in the kitchen?

Senator Buchanan: No, no, I just named two of them.

Senator Frith: Were there not any Tories in the kitchen?

Senator Buchanan: There may have been.

Senator Gigantès: But you are only sure of the others, I see.

Senator Buchanan: But that does not make it right.

Senator Corbin: It does not matter. It is all history, now. Get on with the present. What is your solution?

Senator Buchanan: Oh sure, it is all history. Get on with the present and the future. Never mind the past. I will tell you something: History will record that there were people who signed documents who backed off on their signatures.

[Senator Buchanan.]

Senator Barootes: Welshed is the word.

Senator Buchanan: I signed the documents and I followed through. But right over here in the Conference Centre there was a premier who signed a document and made a commitment and he did not follow through with that commitment, and I believe that is why we are in the kind of a mess we are in in Canadian society today. I was there and I heard him say that the accord would go to a vote in the Legislature of Newfoundland, and it did not go to a vote in the Legislature of Newfoundland. I believe that if it had gone to a vote, it would have been ratified, and we would not be where we are today, as far as the constitutional crises is concerned. And I can prove that to you.

Senator Barootes: And what party was he in, John?

Senator Buchanan: It was not the Tory party and it was not the NDP.

Senator Gigantès: It was past the deadline. It failed the test in Manitoba.

Senator Barootes: And what was he? An acolyte?

Senator Frith: It had already failed in Manitoba.

Senator Buchanan: No, it had not. There could have been a signal come out of Newfoundland. Also, constitutionally—I do not have too much time for some constitutional lawyers, but constitutionally, I was told at the time and maybe believed it, there may have been a way, if Newfoundland had ratified, that Manitoba may have been able to ratify later. The Leader of the Government in the Senate is not here, but he told me, and I believe just about everything Senator Murray tells me.

Senator Gigantès: You believe everything Senator Murray tells you? He told us about the free trade agreement, that we had a binding agreement.

Senator Buchanan: Some other interesting things with respect to the Meech Lake Accord happened between 1987 and 1990.

Senator Gigantès: I supported Meech Lake, personally.

Senator Buchanan: I recall speaking to a group of the top business people in Canada, in Toronto. After I explained my interpretation of the distinct society clause and the interpretation that would be placed on it in the Constitution as a result of the 1987 accord, and we talked about the spending power and the national cost-shared programs, then we had a question and answer period. This is the misunderstanding that has been projected throughout this country by certain politicians and by somee members of the media. One of these gentlemen got up and said, "Look, all of this could have been avoided if you had not allowed Premier Bourassa in the Meech Lake Accord to invoke the notwithstanding clause." I could not believe it. I looked at him and I said, "The Meech Lake Accord? The notwithstanding clause was put into the Constitution by way of a constitutional amendment in 1982." "Oh, no," he said. "It was Meech Lake."

I told him: "I was there. It was not Meech Lake." Then he said, "Well, maybe you are right; if you were there, I guess you would know better than I." But then he said, "Mr. Bourassa used the notwithstanding clause for the first time in this country." I said, "Wrong again, it was used in Saskatchewan by Premier Devine. I believe it was used also in British Columbia. I am not sure." But I knew that Robert Bourassa had not used it for the first time. It had been used before.

Then another gentleman stood up and said, "Look, we could have avoided a lot of this problem if you had not said the three years would have to elapse. Why did Mr. Mulroney do that?" he said. I said, "There you go again. Mr. Mulroney had nothing to do with the three-year waiting period. I did, and if I am to blame for it, I will accept part of the blame. But Mr. Mulroney had nothing to do it. The Prime Minister of the day was Pierre Elliot Trudeau, and his chief advisor was Jean Chrétien who sat behind him, along with my dear friend from Lake Ainsley, Senator Allan J. MacEachen."

Senator Frith: And their dear friend John Buchanan, who signed it.

Senator Buchanan: Yes. You keep saying that. I have admitted that. In fact, I may as well tell you what happened. I did not sign the thing myself. Quite seriously. I was called back to Nova Scotia because of a death in my wife's family, and Edmund Morris signed it for me. Edmund Morris took the glory of signing for the province of Nova Scotia.

Senator Frith: Are you repudiating that signature? Did he not have your authority?

Senator Buchanan: Oh yes, total authority. Total authority.

Senator Frith: Poor chap. That was close.

Senator Buchanan: Let me tell you what else happened. We each had our offices over in the Conference Centre. There was a note that came to my desk, "Premier Morris, call your office as soon as possible." So they really thought, because he signed it, that he had become the premier, just by some quirk of fate.

Senator Frith: That you did repudiate.

Senator Buchanan: Yes, I did repudiate that. But it is very important that we look at the criticism and the source of the criticism and the kind of criticism that certain people have made about the Meech Lake Accord.

I have heard people say that Premier Wells was right; that Premier Wells was right not to put the vote to the Newfoundland Legislature; that he was right not to agree to have it ratified, after having promised. I was there, I heard it. In fact, it is in writing. I have the document right here.

Senator Barootes: He was afraid to put it to a vote. They would have ratified it.

Senator Buchanan: For the last three years we have again been in a turmoil over the Constitution. When we look at the report of the honourable Senator Beaudoin and Dorothy Dobbie, we find something very striking. We find in that report basically the same situation we had in the Meech Lake Accord. In fact, the Beaudoin-Dobbie report goes much further in my opinion than the Meech Lake Accord. The Meech Lake Accord stated this in the interpretation of the Constitution of Canada about the distinct society status of Quebec. I will read it very carefully here.

> The Constitution of Canada shall be interpreted in a manner consistent with the recognition that the existence of French-speaking Canadians centered in Quebec but also present elsewhere in Canada, and English-speaking Canadians concentrated outside Quebec but also present in Quebec, constitutes a fundamental characteristic of Canada . . .

Great words, and absolutely correct, by the way. And (b):

> . . . the recognition that Quebec constitutes within Canada a distinct society.

How much more clear could you be? As I said to the Agriculture Association of Canada back in the spring of 1990, my interpretation of that was quite simple. First, in Quebec some 80 per cent of the people speak French. That is their mother language, French. In the rest of the country, 80 per cent or more of the people speak English. So Quebec has that niche in Canadian society where its language is distinct. It is a distinctive part of Quebec society.

Second, you just have to go into the province of Quebec and you know it immediately. In rural areas and in some of the towns and even in the cities the culture of Quebec is different by far than that of the rest of Canada; much different.

• (1650)

Many members of the Agriculture Association, particularly those from western Canada, were not happy with the distinct society clause. They had misunderstood it. It had been misrepresented to them. I told them that the third and the most important point is that the basis of society is the rule of law. In the province of Quebec their whole system of law is founded on the French civil code. I was trained in the English common law, as were lawyers in every province in Canada except the province of Quebec.

How simple it is to understand, when you put it in those terms, that Quebec is a distinct society within Canada. It is very simple. I had many of them ask me later, "Is that all it means?" I said, "That's it, that's what it means." They said they had heard it from a constitutional lawyer. I told them to pay no attention to the constitutional lawyers. The problem is developing because of a constitutional lawyer who believes himself. He was his own advisor. I will not name him. You all know who I mean. He was his own advisor. You know the old saying about the lawyer who has himself for a client.

Senator Frith: What about one who is not a lawyer like Senator Murray?

Senator Buchanan: I did not hear him spouting constitutional law at any time, but I heard the Premier of Newfoundland doing it all the time. He even dismissed a former senator of this house.

So the Meech Lake Accord defined what the distinct society is all about. The honourable Senator Beaudoin and Dorothy Dobbie, in their report, said basically the same thing. The

distinct society clause is in the Canada clause where we all agree as Canadians that Quebec is distinct within our Canadian society. Second, the interpretation of the Charter of Rights shall take into consideration or be in a manner consistent with the recognition that Quebec is a distinct society. That is basically the same as Meech Lake. And the same gentleman who would not accept the Meech Lake Accord now turns around and says, "That sounds all right to me; that sounds fine." The reason he gives is that they have now defined what the distinct society is all about. Your report, sir, is basically the same as the Meech Lake Accord as far as the distinct society clause is concerned.

Let us look at some others. The national cost-shared programs of the Meech Lake Accord were very simple. Those provinces that wanted to opt in or out had the right to do so, with compensation if they opted out, provided that they had a program compatible with the national program. There is no difference at all, as I see it, from the Beaudoin-Dobbie report. It is the same type of situation as in the Meech Lake Accord.

The interesting thing is that those who criticized the Meech Lake Accord for that spending power clause and the cost sharing opting out or in by provinces, seem to forget that we have been doing it for many years in this country. All we were doing in Meech Lake was putting into writing in the Constitution that which had been practised in this country since the 1950s. There were all kinds of national cost-shared programs moving into provincial fields. We had them in 1950s, the 1960s and the 1970s, but they were not in the Constitution. We were simply putting them in the Constitution; that is all there was to it. Agreements on immigration were in the Meech Lake Accord. Again, there is the same kind of situation in the Beaudoin-Dobbie report.

There were a few others I jotted down. The Supreme Court is an interesting one. I had some people tell me that it was ridiculous for me to have agreed to sign the Meech Lake Accord because they did not agree that Quebec should have three judges on the Supreme Court. I said that Quebec has always had three judges on the Supreme Court. They said that they were told that that was new, that Quebec does not have the right to have three judges. I said that Quebec has always had three judges, as far as I can recall.

Senator Frith: Is that a distinction in your own wording? Did you mean that to be a distinction? You said they will always have, or they have always had the right?

Senator Buchanan: They have always had, as far as I know.

So we were again just putting into the Constitution that which had been practised in this country for years. The reason for three judges of the Supreme Court being from Quebec is that they were trained in the French civil code. How could you sit in judgment on the Supreme Court of Canada on a case from the province of Quebec if you were trained in the common law in one of the other provinces? So it was important that at least three of the judges be from the province of Quebec. It is simple. So the Meech Lake Accord had put into writing in the Constitution that which had been practised in this country for years. The Beaudoin-Dobbie report has done the same thing with regard to the Supreme Court.

The amending formula changes in the Meech Lake Accord are interesting. I look at that and I look at the Beaudoin-Dobbie report, and the amending formula changes are basically the same. One might say that the Meech Lake Accord is on all fours with the Beaudoin-Dobbie report. However, that is not correct. The report that we have before us now goes further than the Meech Lake Accord. It talks about the delegation of powers from the provinces to the federal government. It talks about transfer of powers. It talks about aboriginal rights and it talks about Senate reform, as did the Meech Lake Accord, in a different way. The report we have before us goes much further, in my opinion, than the Meech Lake Accord.

It is interesting also to look at the Meech Lake Accord with respect to the Senate. I tell myself that I am either fortunate or unfortunate, because if the Meech Lake Accord had been ratified I would not be here. I would not be here because the Meech Lake Accord, as I recall it, had a clause stipulating that any senator appointed after the passage of the Meech Lake Accord would be appointed by the Prime Minister on the recommendation of the premier of a province. That would mean that I would have had to appoint myself here, and I would not do that.

Senator Corbin: Well, how did you get here?

Senator Buchanan: I did not appoint myself.

Senator Corbin: Tell me how you got here.

Senator Buchanan: You tell me how you got here.

Senator Corbin: I asked you first.

Senator Buchanan: I am here because I make a good senator.

Seriously, I think all reasonable people will agree that the reasons for the death of the Meech Lake Accord were folly. They just did not hold up. And the proof of it, of course, is that now we have a committee report before us which is basically Meech Lake plus a bit.

I want to make another point to clarify the whole situation. It would be absurd for me to stand here and say that nothing was achieved in the 1981-82 accord. There certainly were achievements. We patriated the Constitution. For the first time, we had a Charter of Rights in the Constitution. We had an amending formula, but it was badly flawed because one of the major partners in the country was not there, the province of Quebec. And that was not our fault. I am not saying that was the fault of the people present: the Prime Minister, the Honourable Allan J. MacEachen, Jean Chrétien or any of us. They left of their own volition. They walked out and they had their reasons for doing so. History will record why they went out and people will discuss it. I really do not think they wanted an agreement, but that is just my opinion.

One thing that happened after that was a commitment to the people of Quebec that they would be back in the constitutional family of Canada at a later date.

● (1700)

That was a commitment. In 1986, we started the process to bring Quebec back into the constitutional family of Canada, and it was thwarted in 1990 by a person who today says he now accepts what he would not accept in 1990. It is as simple as that.

I hope for the sake of this country, honourable senators, that this report will be passed. I know it will be negotiated. It will be discussed in public. It will be discussed by the premiers. It will be discussed by all kinds of people. There must still be a lot of public participation, but at the end of the day, honourable senators, I hope it will be passed by the House of Commons, that it will be ratified by every legislature in this country, and that we can get on with the business of the economy of this country and put the Constitution behind us.

Some Hon. Senators: Hear, hear!

Hon. Philippe Deane Gigantès: Honourable senators, I will have an awful lot to say in answer to Senator Buchanan. I will speak for a while, and then move the adjournment of the debate. You have said it is an unlimited number of hours, right?

I supported the Meech Lake Accord; it is in writing, in a book I wrote, terminated in November 1989. I supported the Meech Lake Accord. I support the Beaudoin-Dobbie report, or as Mrs. Dobbie would prefer, the Dobbie-Beaudoin report, but I claim that the Liberal dissidents in various places improved the report. The facts will prove this so.

I was glad to hear Senator Buchanan say that the government of Quebec walked out in 1981. Historically speaking, there is no way the premier of a party dedicated to taking Quebec out of Canada could have signed that report and kept control over his party. He could not have. So he could not sign it. The choice Mr. Buchanan and others faced was, do we stop everything because a separatist party refuses to sign an accord which is necessary for the country, and why is it necessary for the country? What is the problem?

The problem always is, in a federation, the division of powers. How will you apportion the division of powers? You must have an amending formula, other than going over to London and asking London's permission. An amending formula was needed. We had a Charter of Rights, but it was not constitutionalized. We constitutionalized that. We repatriated the Constitution. Those were three preconditions before proceeding to the redistribution of powers.

Why was a Charter of Rights necessary? Because those who believe in a Charter of Rights—and it is a clear majority of the country that believes in a Charter of Rights—feel that there must be a limit to what a government can do to the rights of an individual citizen. Governments are there to serve citizens, not to oppress them. So a Charter of Rights was necessary.

That said, it was then open to all the provinces to proceed with the next stage, which was to discuss the distribution of powers. Quebec said, "No way; absolutely not; we will not." It was Mr. Levesque's government that was in place. Having refused to sign the Constitution of 1981-82, he could not then accept to discuss the division of powers within the framework of that Constitution. That is where we were.

What did the people of Quebec think? Look at all the 1982 polls. There was not one below 58 per cent approval for Mr. Trudeau. In answer to questions such as, "Do you think Quebec will be better off after this Constitution than before it?" some polls scored as much as 70 per cent. So things were like that. A step that was necessary was taken.

I now beg the Senate to allow me to adjourn the debate. I will discuss what comes next tomorrow.

On motion of Senator Gigantès, debate adjourned.

[*Translation*]

THE ESTIMATES, 1991-92

CONSIDERATION OF REPORT OF NATIONAL FINANCE COMMITTEE ON MAIN ESTIMATES—DEBATE ADJOURNED

The Senate proceeded to consideration of the seventh report of the Committee on National Finance concerning the Main Estimates, presented in the Senate on March 24, 1992.

Hon. Fernand-E. Leblanc (Saurel): Honourable senators, I had prepared some fairly long notes to discuss the report, but since it is rather late and we are to vote soon, at 5.30, I believe, I will just say that in the report, we talked about the study we are now doing of Public Service 2000.

I want to assure the Senate, of course, that this is not a pre-study of Bill C-26, because it has not even been referred to us. This study was unanimously accepted by the committee members. I see some members of the committee here and they can support me on that.

Furthermore, we decided to look into the use of vote 5. I think that the use the government makes of this vote is sometimes necessary but at other times not. We make some recommendations on the examination of this vote 5, which is very important. It can be used and is now used to spend without going through Parliament. Expenditures are made before Parliament is informed and authorizes them.

Our committee recommends that Treasury Board provide a full report at the end of the fiscal year on use made of that budget item, in case the government needed to use it. Thank you, honourable senators.

[*English*]

Hon. John Stewart: I wish to say a few words with regard to that part of this report that deals with Treasury Board Vote 5. Perhaps the best way to begin is by reminding honourable senators what the vote says. It is Vote 5, and it refers to government contingencies—"subject to the approval of the Treasury Board to supplement other votes for pay lists and other requirements, and to provide for miscellaneous, minor and unforeseen expenses not otherwise provided for, including awards under the *Public Servants Inventions Act*, and authority to reuse any sums allotted for non-pay list requirements and repaid to this appropriation from other appropriations."

In analyzing those words, we see that moneyis being made available to the government for three distinct purposes. First, money from Treasury Vote 5 may be used to supplement other votes for pay list requirements. The reason supplementation may be necessary is that the government, when it draws up its estimates, cannot anticipate what salary and wage arrangements it will make with Crown employees. Therefore, there has to be some flexibility in the appropriation made by Parliament.

● (1710)

The second purpose for which Vote 5 may be used is to supplement other votes in the Estimates—that is, votes for "other requirements". Third, money may be used for "miscellaneous, minor and unforeseen expenses". There are these three different categories for which money may be used from Vote 5.

The second part of "vote" states that Parliament gives authority to re-use any sums allotted for non-paylist requirements and repaid to the appropriation from other appropriations. That means that part of the contingency appropriation may be used again and again. What happens is that when a set of supplementary estimates is brought in particular departments or agencies are given money for specified purposes. In some cases the purpose already has been financed by money taken from Vote 5, the contingency vote. When a Parliament appropriates specifically for that purpose in supplementary Estimates,the department or agency in question repays the money to Vote 5. Thus those sums paid out from Vote 5 for "non-pay list requirements" are repayed, and may be used again by the Board. Consequently, the amount of money spent as a result of Vote 5 in a fiscal year will be considerably larger than one might think if one simply looked at the size of the contingency vote in the Main Estimates.

For the fiscal year ending March 31 Vote 5 was $400 million; in the new fiscal year it will be $450 million. But that figure should not mislead anyone. At the end of this fiscal year the vote will have been recruited or restored by departments as a result of Supplementary Estimates, perhaps to 60 per cent of its original level.

If one looks at a set of Supplementary Estimates one can see what happens. I take up Supplementary Estimates (C) for 1991-92 and on page 31, under "the Atlantic Canada Opportunities Agency", I see that Parliament is being asked to vote an amount for this agency but at the bottom of the page we are told that funds in the amount of $500 thousand were advanced from Treasury Board contingency vote to provide temporary funding for this program. What will happen is that when the appropriation bill based on Supplementary Estimates (C) has been given Royal Assent, the Atlantic Canada Opportunities Agency will repay $500,000 to the Treasury Board.

Honourable senators will appreciate that Treasury Vote 5 is a key vote because when Parliament enacts it a large sum of money, namely, $400 million or thereabouts, placed at the discretion of the government. But it works out to more than that as the various sets of supplementary estimates come along and have the effect—to use the words I used before—of recruiting or restoring the Treasury Board vote—not to its full amount because it is only in the case of "other requirements", not the pay list requirements.

You will notice, honourable senators, that the report contains various recommendations. We found in the committee that Treasury Board was very cooperative both with regard to giving information on how this vote has been used in the past and in trying to devise ways in which Parliament could be given information regularly in the future about use made of the vote. What we have asked for is a running report throughout the year as to what is happening under Vote 5 and also at the end of the year a summation as to what has been done.

I want to applaud the chairman and all the members of the committee, except myself, of course, for the attention that they have given to this important matter. The committee has done good work. In addition, the officials of Treasury Board have been first rate in this regard. If the committee's recommendations are followed up, the way the contingency appropriation totalling now more than half a billion dollars has been used will be much more transparent in the future than it has been.

This is a good report. All the members of the committee think that it is a good report.

[*Translation*]

Hon. Jean-Maurice Simard: Honourable senators, if I am not mistaken, this is more like a report by the chairman of the committee. I myself am a fairly active member of this committee, but I am afraid that other work prevented me from reading the report as I usually do. However, to my knowledge, and I stand corrected if I am wrong, committee members as a group did not have an opportunity to comment on the content, style, form and substance of the report.

If that is the case, I would ask the chairman of the committee to simply answer my question. If committee members did not have an opportunity to consider the report and make a contribution, the report must be considered as the chairman's report.

Senator LeBlanc: Honourable senators, the report was prepared on the basis of comments made in committee by committee members themselves. This is not a report that was dreamed up. Because time was of the essence, it was prepared on the basis of comments by members. Obviously, I could have taken another two or three sittups to ask members to revise the report, the text, syntax, spelling mistakes, and so forth. I could have done that.

However, since March is drawing to a close and Senator Lynch-Staunton seems in a hurry to get all the money bills through the Senate as soon as possible before the March 31 deadline, I thought I could dispense with asking the entire committee's permission to do so.

If Senator Simard has any comments or is dissatisfied with the report itself, let him comment by all means.

[*English*]

The Hon. the Speaker: Honourable senators, I must suspend the proceedings pursuant to rule 67 (3) and call in the senators

for a vote to take place at 5:30 p.m. We will proceed with the same subject after the vote.

The debate was suspended, and the Senate adjourned to the call of the bell.

The sitting of the Senate was resumed.

The Hon. the Speaker: Let the doors to the chamber be locked.

TRANSPORT AND COMMUNICATIONS

MOTION TO AUTHORIZE COMMITTEE TO STUDY SUBJECT MATTER OF BILL C-62 CARRIED ON DIVISION

On the Order:

Resuming the debate on the motion of the Honourable Senator Lynch-Staunton, seconded by the Honourable Senator Roblin, P.C.:

That the Standing Senate Committee on Transport and Communications be authorized to examine the subject-matter of Bill C-62, An Act respecting telecommunications, in advance of the said Bill coming before the Senate or any matter relating thereto.

The Hon. the Speaker: Honourable senators, it was moved by the Honourable Senator Lynch-Staunton, seconded by the Honourable Senator Roblin, P.C.:

That the Standing Senate Committee on Transport and Commincations be authorized to examine the subject-matter of Bill C-62, An Act respecting telecomminications, in advance of the said Bill coming before the Senate or any matter relating thereto.

Motion agreed to on the following division:

YEAS

THE HONOURABLE SENATORS

Atkins	Keon
Balfour	Kinsella
Barootes	Lavoie-Roux
Beaudoin	Lynch-Staunton
Bélisle	MacDonald (*Halifax*)
Berntson	Murray
Bolduc	Nurgitz
Buchanan	Ottenheimer
Carney	Poitras
Chaput-Rolland	Robertson
Cochrane	Roblin
Cogger	Ross
Comeau	Rossiter
David	Simard
Di Nino	Spivak
Doody	Sylvain
Doyle	Tremblay—36
Grimard	
Kelleher	

NAYS

THE HONOURABLE SENATORS

Bonnell	Leblanc (*Saurel*)
Bosa	Marchand
Corbin	Marsden
Everett	Molgat
Fairbairn	Neiman
Frith	Sparrow
Graham	Stanbury
Haidasz	Stewart
Hays	Thériault—19
Hébert	

ABSTENTIONS

THE HONOURABLE SENATORS

Nil

[*English*]

The Hon. the Speaker: I declare the motion carried. Let the doors be opened.

● (1730)

LEGAL AND CONSTITUTIONAL AFFAIRS

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

Hon. Nathan Nurgitz: Honourable senators, with leave of the Senate and notwithstanding rule 59(1)(*a*) I move:

THAT the Standing Senate Committee on Legal and Constitutional Affairs have power to sit while the Senate is sitting today, and that Rule 96(4) be suspended in relation thereto.

I will explain, if permitted.

Senator Molgat: I have had a brief discussion with the deputy chairman of the committee on the matter and I am prepared to grant leave. I would hope that Senator Nurgitz would explain the reasons why.

Senator Nurgitz: Absolutely. Honourable senators, through miscommunication when Bill C-64 received second reading this afternoon, several senators were informed that the committee would sit at 4.30 p.m. I am unaware why that took place and I will inquire because it was the intention, time permitting, that it would sit when the Senate rose.

Since 4.30 p.m. members of the Department of Justice and several witnesses have been waiting.

I understand that it is not a complicated bill. It is rather important for the Northwest Territories to have this bill. It is an extension of some previous law. My understanding is that within half an hour we could complete the study of the matter. In any event, not to preclude how long senators wish to speak in committee, if we could have permission it would be expedite matters.

Senator Molgat: Is it expected that Senator Nurgitz will report at tomorrow's sitting?

Senator Nurgitz: Yes, honourable senators, assuming that the committee approves it.

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

Hon. Senators: Agreed.

Motion agreed to.

[*Translation*]

THE ESTIMATES, 1991-92

CONSIDERATION OF EIGHTH REPORT—DEBATE ADJOURNED

Hon. Jean-Maurice Simard: Honourable senators, I think some clarification is in order at this point, considering my comments a few minutes ago and those made by Senator LeBlanc (Saurel).

Believe me, I do this only because I feel this is something we should be extremely careful about. When the eighth report of the Standing Senate Committee on National Finance was tabled, members of your committee had not, as a group, had an opportunity to read, consider and if necessary make certain corrections in the report's presentation and content. So I simply wanted to draw the attention of our colleagues and Canadians to the fact that this was the chairman's report. It does not make the report any less credible.

It does not in any way reflect the impartiality of the chairman, Senator Fernand LeBlanc. It was never my intention to insinuate that he had ulterior motives. In fact, this was simply a warning, based on the fact that as a group, committee members had not had a chance, probably due to lack of time, to read or correct the report. I hope the chairman, Senator LeBlanc, won't hold this against me.

Personally, I intend to read the report and, although Senator LeBlanc said otherwise, I think he will agree that although these are not recommendations as such, the way testimony before the committee or the report itself is written may depend on who does the writing.

That is exactly why when reports were prepared in the past, we had some very lively debate, reflecting each member's interpretation and in many cases, it helped us reach a consensus.

That was all I had to say.

Hon. Royce Frith (Leader of the Opposition): Honourable senators, there are just two minor matters I would like to mention.

[Senator Nurgitz.]

I simply want to ensure that the facts read into the record by Senator Simard . . . and I support his position that, if at all possible, we should have enough time for consultation so that the report is truly the committee's report.

If I am not mistaken, if there was any pressure, I believe it came from the government and committee members. Is that correct?

Senator Simard: I suppose there was some pressure. The government wanted to have this report.

However, whatever the reasons, I wanted to set the record straight, without wishing to accuse anyone. Certainly not our chairman, who has always been a model of generosity and impartiality.

Senator Frith: This is something we should remember in connection with committee procedure.

Honourable senators, it is quite possible I will have nothing to add to the debate on this report by the National Finance Committee, but because I was busy with something else, I intend to read Senator Stewart's comments between now and tomorrow's sitting.

Therefore, I move the adjournment of the debate.

On motion of Senator Frith, debate adjourned.

[*English*]

SCRUTINY OF REGULATIONS

FOURTH REPORT OF COMMITTEE

The Senate proceeded to consideration of the Fourth Report of the Standing Joint Committee on Scrutiny of Regulations (Central Registry of Divorce Proceedings), presented in the Senate on 27th February, 1992.

Hon. Royce Frith (Leader of the Opposition): Honourable senators, on that report I have been waiting for an opportunity to congratulate the Chairman and the members of that committee from our side and from the other side for their work in this last report. The report appears to describe a rather outrageous procedure and state of affairs. There was an article in the newspaper this morning about an apology.

May I ask the Chairman of the committee and the proposer and sponsor of this report whether we are waiting for something else to take place? I am prepared to wait to more formally congratulate the committee, but I want the chairman to know that his work has been noted and that I cannot imagine any reason for delaying the adoption of the report.

[*Translation*]

Hon. Normand Grimard: Honourable senators, I want to thank Senator Frith for his compliments. They are even more flattering, coming from him. I am grateful to him.

The reason I ask for adjournment of the debate is that we have a committee meeting tomorrow. As you mentioned, our report is based on figures provided by the Department of Justice. Clearly, the Committee was right to prepare its fourth report because it is obvious that the Department of Justice has not complied with its enabling legislation.

Nevertheless, as you said, Senator Frith, we received a letter from the Minister of Justice telling us that the figures given to us by her department were incorrect. We had based our conclusions on the figures submitted by the department. Then we received a letter that the figures were inaccurate. The letter said that we should receive other figures shortly. I think it is interesting for the committee, as you say, if I were to read you the conclusions of the minister's letter.

● (1740)

[*English*]

I apologize for the fact that incomplete information was provided to the committee, and I regret any inconvenience occasioned as a result.

[*Translation*]

That is the letter mentioned this morning in a column in the *Citizen*. In closing, I want to say that we are waiting for the figures. We want to look at them. Then I will be able to comment on our committee's fourth report. I note your comments and congratulations and I will convey them to all my colleagues.

Senator Frith: Thank you for the explanation. I understand now.

[*English*]

PRIVATE BILL

ROYAL SOCIETY OF CANADA—BILL TO AMEND ACT TO INCORPORATE—SECOND READING—ORDER STANDS

On the Order:

Resuming the debate on the motion of the Honourable Senator Castonguay, seconded by the Honourable Senator David for the second reading of Bill S-7, an Act to amend An Act to incorporate the Royal Society of Canada.—(*Honourable Senator Frith*).

Hon. Royce Frith (Leader of the Opposition): Honourable senators, because I have adjourned this so often, I want to put on the record that I had hoped to speak to this matter tomorrow. However, I probably will not have my notes ready until next week. I have explained that to Senator Tremblay, the sponsor of the bill, and he seems to be content.

Order stands.

SOCIAL AFFAIRS, SCIENCE AND TECHNOLOGY

MOTION TO AUTHORIZE COMMITTEE TO STUDY NFB FILM PRESENTATION—ORDER STANDS

On the Order:

Resuming the debate on the motion of the Honourable Senator Marshall, seconded by the Honourable Senator Tremblay:

That the Standing Committee on Social Affairs, Science and Technology be authorized to examine the contents of the CBC/NFB series "The Valour and the Horror" and report upon the said production to determine the authenticity of the three part series viz *Savage Christmas: Hong Kong 1941*; *Death by Moonlight: Bomber Command*; and *In Desperate Battle: Normandy 1944*, due to the mounting unfavourable reaction of the said production.

Hon. Royce Frith (Leader of the Opposition): Honourable senators, I want to explain our position on this order, but I want Senator Marshall to be here. In fact, I would like to speak to Senator Marshall before I do so. I ask that this item stand.

Order Stands.

PRIVILEGES, STANDING RULES AND ORDERS

MOTION TO AUTHORIZE COMMITTEE TO CONSIDER PROPRIETY AND CONSTITUTIONALITY OF AMENDMENTS TO RULES OF THE SENATE—DEBATE ADJOURNED

Hon. Stanley Haidasz, pursuant to notice of February 27, 1992, moved:

That the Standing Committee on Privileges, Standing Rules and Orders be authorized to consider the propriety and the constitutionality of the changes and amendments to the *Rules of the Senate*, adopted by the Senate on June 18, 1991; and

That the Committee report no later than June 11, 1992.

He said: Honourable senators, at times it seems that we need reminding that parliamentary democracy in Canada is truly a precious thing. It was achieved, not easily, but by the struggles of Canadians who were committed to freedom of speech, principles of honour, and responsible government. Unfortunately, freedom of speech in Canada's Parliament has been undermined within the past year by changes to the rules of procedure in both houses. I believe that the more draconian changes in the Rules of the Senate were illicit because of the manner of their adoption, that is, without the confidence of a double majority necessary for such new principles as closure. What is more important, several Senate rules are, in the aggregate, evidently unconstitutional.

Many honourable senators objected strenuously last year to the rules revised by the then committee on Standing Rules and Orders, precisely on June 18, 1991. The revisions were not examined in detail with a view to their constitutionality by interested senators. Immediately upon the adoption of the new rules last June, I defended every senator's privilege on June 19, proposing a motion in remedy. I believed at that time that rescission was the safest way for setting aside major constitutional pitfalls to these rules until corrective amendments could be discussed. That motion, unfortunately, was killed by adjournment for 15 sitting days.

May I add that the adjournment certainly seemed less than fair and impartial for a proposed remedy to a question of privilege. It was the first manifestation of the dangerous and unparliamentary nature of these rules themselves.

As honourable senators now see, the motion before us does not put the question of whether to rescind the present rules. This house may want to avoid so drastic a measure if possible.

I am content today to refer the rules to the committee on Privileges, Standing Rules and Orders so that it may apprise the Senate of the legal and constitutional dangers inherent in them and propose suitable remedies to these faults. By the present motion, the stated committee would dutifully hear the testimony of expert parliamentary counsel. It should take into account recommended amendments and other remedies to the faulty present rules.

In 1906, when the rules last underwent extensive revisions, the Senate regularly constituted itself into a Committee of the Whole for several months. The pains taken in 1906 preserved the final proposals from a constitutional pitfall, that of redefining powers and privileges of the Senate without an act of Parliament. As well, after the report stage, the Senate put a resolution asking that the proposed rules come into force. This was carried by consent since objections had already been ironed out in the committee process. Thus forged, the Rules of the Senate, though subject to some further updating in the 1970s, served this house through two World Wars, conscription, the Great Depression, and several harrowing filibusters. The GST filibuster may have rekindled a desire to advance the cause of expediting government business, but in the untempered zeal of reaction, drafters of the restructured rules went too far even for their stated aims.

Several of the revisions to the long-standing customs of this house were blind to the Constitution of Canada, as I shall shortly outline. Neglect of this calibre undermines peace, order, and good government. Government business is recklessly exposed to public disrespect by the disregard of propriety and the proven pillars of parliamentary democracy, namely parliamentary privilege and parliamentary custom.

Honourable senators, for reference by the Senate and its committees to this debate in *Hansard*, I would like to summarize in seven points my findings, after research and consultation with parliamentary experts.

● (1750)

1. The order of reference to the former Committee on Standing Rules and Orders did not authorize it to alter the basis and authority of custom and practice. The new rules displacing this authority of custom and practice are therefore *ultra vires* the order of reference.

2. Several new rules rescind formal standing resolutions that forbade closure and that accorded priority to *prima facie* questions of privilege. Such rescissions, honourable senators, require a two-thirds majority to be sustained under both the present and the former rules. This double majority did not hold on June 18, 1991.

3. The new rules can now delay the treatment of a *bona fide* case of broken parliamentary privilege until after Orders of the Day. This, I maintain, is tantamount to contempt of Parliament and can compromise the validity of government business and, therefore, legislation.

4. The new rules alter the equality in powers and privileges of all senators. To do this requires an act of Parliament according to the clear requirement of section 18 of the BNA Act.

5. The new authority of the Speaker, unaccountable to practice or custom, is a highly irregular change to Parliamentary tradition and what is called *lex parliamenti*. This requires, at the least, a constitutional amendment. I refer honourable senators to the Canada Act, 1982, section 42(1)(b).

6. The powers of a government-appointed speaker, elevated by these rules, affects the independence of the two Houses of Parliament. This new imbalance likewise requires constitutional amendment.

7. New powers of the Senate Speaker, coupled with his partiality, have the effect of enhancing cabinet power, and this, I maintain, derogates from the balance of provincial rights and powers defended in some measure by the Senate's regional representation. The Constitution Act of 1982 requires passage by provincial legislatures for such a change to be made; and I refer you to the Canada Act, 1982, section 38(2).

Honourable senators, I will leave the precisions of these grounds for review of these rules for presentation before the committee.

It must be clear by now that the new closure rules and the elevated stature of the Speaker of the Senate were radical changes to custom. Entitling the Speaker to determine the sufficiency of debate in a *prima facie* question of privilege, or to enforce speech limits—shorter for most senators than the limits for their leaders in caucus—means a new definition of privileges in this House. This requires an act of Parliament as indicated in the BNA Act at section 18.

While closure in the Senate may be admissible, since closure is suffered in both Houses in Britain, the process of introducing closure in this House requires a double majority. For adoption of closure in the Senate is, in pith and substance, the rescission of a standing resolution as old at least as 1906, that all senators in this House shall have the right to speak on a matter to their own satisfaction.

Other changes, however, cannot be ratified even by unanimous consent. New capabilities ascribed to the Senate Speaker, such as to postpone assembly on his own initiative or to rule without accountability to practice and custom, go beyond the limits of power defined by the BNA Act. I again refer you to section 18.

The Hon. the Speaker: Honourable senators, under both the old rules and the present rules, I must advise you that at 6 o'clock I may leave the chair, unless you wish to ignore the clock.

Hon. John Lynch-Staunton (Leader of the Government): Ignore the clock.

Senator Haidasz: Thank you, honourable senators. Constitutional amendment is required to create new powers in the Senate, or new balances between the Senate and the House of Commons, or between the provinces and the federal cabinet, which, as I mentioned, is required by sections 38 and 42(1) of the Constitution Act of Canada, 1982.

The enhanced influence of the Prime Minister through the appointed Speaker of the Senate, who now effectively enjoys the rule of this chamber, undermines the sacrosanct principle of independence of the two Houses. It diminishes the power of regional representation in the Senate, and derogates, in the result, from the relative powers of the provinces. I refer you again to section 38(2) of the Constitutional Act 1982 which is to protect the regions from just such a destabilization.

In short, honourable senators, our rules as changed on June 18 last year, to advance government business, have wide and portentous ramifications throughout the country. The current rules confer outlandish powers where there was no authority to confer them.

The chairman of the former Standing Committee on Standing Rules and Orders, and the Leader of the Government, wanted to streamline proceedings to render them more transparent to laymen, to enable more senators to contribute to debates on legislative initiatives and, with more aplomb, come to decisions as a legislative body. These wonderful ideas express aims we all embrace; but, in the method and in the result, it is manifest even to cursory examination that the changed rules in the Senate undermine a whole era of honourable civilitude that we had in this Upper House. During the 14 years that I enjoyed here, this House was a place of gentlemanly debate until the change of rules came about last June.

It is especially unparliamentary, honourable senators, that the present rules denote the position or authority of custom and practice in the Senate. Reasons for a Senate speaker's ruling now refer only to the rules themselves and to whatever written authorities the Speaker may choose to adopt.

To clarify the role of custom and to emphasize its authority, I refer honourable senators to the works of Josef Redlich, who contributed greatly to the understanding of Parliament. In his three-volume treatise, entitled *The Procedure of the House of Commons*, on page 4 of Volume II, he reminds us:

> Custom . . . was the original source of the internal law of Parliament, and . . . contributed more to its development than anything else.

Redlich also cites the redoubtable Sir Edward Coke's treatise on customs:

> As every court of justice hath laws and customs for its direction, some civil and canon, some the common law, others their own peculiar laws and customs, so the High Court of Parliament hath also its own peculiar law, called the *lex et consuetudo parliamenti*.

Therefore, honourable senators, where the Senate rules denote custom and practice, they undermine the foundation and the pillars, the soul and the very essence of our Canadian parliamentary system. The present rules create a Commons-like speaker while simultaneously severing him from lawful accountability. That is why I should like to propose to the committee that the Speaker of the Senate be elected by senators, and perhaps even be from the party which is not in power.

● (1800)

Honourable senators, it may be a happy thought that the order of reference to the former Committee on Standing Rules and Orders empowered it "to propose to the Senate amendments to the rules from time to time," but nothing there orders the revision of customs.

Changes to the rules which hinge on so central a revision of the nature of a House of Parliament observant of custom and its *lex parliamenti*, or rule of law, were simply, I maintain, *ultra vires* the scope of the former Committee on Standing Rules and Orders.

The Hon. the Speaker: Senator Haidasz, according to the rules now in force, you have used your allotted 15 minutes. Is it the pleasure of honourable senators to extend the allotted time?

Hon. Senators: Agreed.

Senator Haidasz: Thank you again, honourable senators.

I cannot help but believe that honourable senators opposite must also be having sober second thoughts as to whether there really was a clear, pressing necessity of haste to gut unilaterally the former long-standing customs of the *Rules of the Senate*, especially at this eleventh hour of a frantic scramble to reform the Senate and to renew our coexistence in a federal state.

In conclusion, I urge honourable senators, especially the members of the new committee now charged with Privileges as well as the Standing Rules and Orders, to assess the threats to parliamentary privilege in these present rules. Privilege, I submit, is the entrustment upon each of us of the right of the governed to be properly governed. In a true democracy—a free democracy—parliamentary privilege cannot be contracted off nor traded away. Above all, it cannot be ruled out.

Honourable senators, let us in a civil manner take a sober second look at these rules. Parliamentary counsels and experts sustain the claims I lay before you today. Joseph Maingot, Q.C., expert on parliamentary privilege regarding the rules as changed last June, wrote to me saying that, most likely, "the *lex parliamenti* has been stretched to accommodate these changes and the procedure used in their adoption."

Honourable senators, I ask you, would it not be judicious to examine carefully the legal and constitutional significance and liceity of these rules?

Some Hon. Senators: Hear, hear!

On motion of Senator Lynch-Staunton, debate adjourned.

The Senate adjourned until tomorrow at 2:00 p.m.

APPENDIX

(*See p. 1153*)

THE ESTIMATES, 1991-92

REPORT OF NATIONAL FINANCE COMMITTEE

Wednesday, March 25, 1992

The Standing Senate Committee on National Finance has the honour to present its

EIGHTH REPORT

Your Committee, to which were referred Supplementary Estimates (C), 1991-92, has, in obedience to the Order of Reference of Tuesday, March 17, 1992, examined the said Estimates and herewith presents its final report.

Your Committee held one meeting to review these supplementary estimates, on Thursday, March 19th, at which officials of the Treasury Board Secretariat appeared as witnesses.

Supplementary Estimates (C) are the third and final supplementary estimates for the 1991-92 fiscal year. They total $673.1 million, consisting of $1.1771 billion ($1.1456 billion budgetary and $31.5 million non-budgetary) to be voted and a net *reduction* of $504.0 million (a $577.1 million budgetary reduction plus a $73.1 million non-budgetary increase) in statutory expenditures. Estimates tabled for 1991-92 (Main Estimates plus three sets of supplementary estimates) total $161.280 billion, of which voted expenditures amount to $50.275 billion or 31.2 per cent and statutory expenditures are $111.005 billion or 68.8 per cent.

The budgetary portion of these supplementary estimates is $568.4 million and raises total budgetary estimates to $160.660 billion. The latter amount exceeds by $1.660 billion the framework for budgetary expenditures of $159.0 billion that was presented in Part I of the 1991-92 Main Estimates. The Committee's report on Supplementary Estimates (B), 1991-92, indicated that budgetary expenditures would be less than total budgetary estimates because: the 1991-92 spending authority of the Department of National Defence had been reduced by $400 million; $421 million, representing changes in the estimated value of the government's financial assets and liabilities, had been charged to the deficits of prior years; and other reductions and anticipated lapses were estimated to total $1.9 billion; giving an overall reduction in budgetary expenditure of $2.721 billion.[1] Additional decreases in budgetary expenditure have now been identified, including the freeze on discretionary operating expenditures and new hiring that was announced on January 27, 1992 by the Minister of Finance to apply to the remainder of the 1991-92 fiscal year. The overall expenditure reduction for 1991-92 is now $5.2 billion, as shown on the attached table from the Treasury Board, "Summary of Expenditure Framework and Estimates for 1991-92," as follows:

	$ billion
Reductions, anticipated lapses and spending freeze	2.2
Amounts charged to prior years' deficits	1.2
Reduction in defence spending	0.4
Reduced Public Service pension costs due to revised actuarial assumptions and impact of proposed PS pension reform legislation (Bill C-55)	1.5
Total (with rounding)	5.2

This $5.2 billion reduction lowers total budgetary expenditure for the 1991-92 fiscal year to $155.5 billion, or $3.5 billion less than the Main Estimates projection of $159.0 billion.[2]

Twenty-two allocations to fourteen departments were made from Treasury Board Vote 5 - Government Contingencies to provide temporary funding for non-paylist items listed in Supplementary Estimates (C). Treasury Board has supplied a list of the Vote 5 allocations and undertaken to do so whenever your Committee reviews supplementary estimates in future. Since these funds, totalling $72.9 million or 6.2 per cent of expenditures to be voted, have already been spent, those portions of the departmental appropriations that correspond to the Vote 5 allocations are essentially information items. Approval of Supplementary Estimates (C) will have the effect of reimbursing Vote 5 by the full $72.9 million. By contrast, allocations from Vote 5 to cover paylist shortfalls do not appear in supplementary estimates, are not reimbursed and thus constitute permanent charges to the Vote that will be shown in the *Public Accounts*.

The amount of the Government Contingencies Vote was $400 million in the 1991-92 Main Estimates. This amount has now been decreased permanently by allocations totalling $55.9 million to cover paylist shortfalls during the fiscal year. Currently, the Vote has been reduced further by the $72.9 million advanced for items in Supplementary Estimates (C), leaving a balance of $271.2 million. If Supplementary Estimates (C) are approved, the balance in T.B. Vote 5 will be $344.1 million, which will lapse on March 31, 1992.[3]

$767.6 million is being requested for Vote 30 (Grains and Oilseeds Contributions) of Agriculture Canada. This appropriation represents 67 per cent of total budgetary expenditures to be voted in these supplementary estimates, and if approved will more than double the current amount of Vote 30. The funds will be used to pay $768.9 to the Canadian Wheat Board to reimburse the 1990-91 deficits of its wheat, amber durum wheat and barley pools accounts, which resulted from low world market prices. There is also a $15 million statutory item to cover increased payments under the Prairie Grain Advance Payments Act.

In the department's Agri-Food Program, additional statutory expenditures of $111.7 million are being incurred for revenue insurance, gross revenue insurance and crop insurance under the *Farm Income Protection Act* and for co-operative associations under the *Agricultural Products Co-operative Marketing Act*.

At the time of Supplementary Estimates (A), the Committee was informed that total net farm income for 1991 was forecast to be $3.3 billion. Of this total, 24 per cent would be net market income, while the remaining 76 per cent would come from various government program payments. By contrast, in 1981, net market income accounted for 73 per cent of total net farm income, with the remaining 27 per cent consisting of program payments.

The estimates of the Department of Agriculture in the 1991-92 Main Estimates were $1.888 billion. Additional appropriations were approved in the first two sets of 1991-92 supplementary estimates: $428.0 million in Supplementary Estimates (A), all voted, and $1.1676 billion in Supplementary Estimates (B), consisting of $422.6 million voted and $745.0 million statutory. If Supplementary Estimates (C) are approved, the estimates of Agriculture Canada will increase by a further $888.3 million to **$4.373 billion** for the whole of 1991-92. The total of the increased appropriations for this department in all three sets of 1991-92 supplementary estimates is $2.485 billion -- $1.618 billion voted and $867 million statutory -- which represents an increase of 132 per cent of the $1.888 billion approved in the 1991-92 Main Estimates.

In Chapter 10 of his *1991 Report*, the Auditor General of Canada reported the results of his Office's comprehensive audit of the Department of Agriculture's Farm Safety Net Programs in both the Agri-Food and Grains and Oilseeds sectors. The audit found significant weaknesses in the department's analytical capability -- in particular, an inability to refute two major foreign studies of Canada's farm subsidies that concluded that Canada is unfairly subsidizing its farmers. As well, none of the major farm assistance programs had been evaluated between 1985 and 1990, and for none was there a clear statement of the program's objectives. Programs that are required to be self-sustaining were in fact incurring large deficits, and special emergency

programs, such as those for drought assistance, may not even have been necessary. In any case, although the federal government indicated that it wanted the provinces to pay 50 per cent of the drought relief assistance, it paid most of the funds to farmers before any of the agreements with the provinces had been negotiated.

The *Farm Income Protection Act* of 1991 replaced many of the farm safety net programs by new programs, albeit without the benefit of up-to-date evaluation findings. The new act requires the department to prepare a review of the new programs within five years. It also contains a number of broad principles to be met by all programs, including:

- They should be production and market neutral so that farmers will adjust to market signals;
- The level of protection under each tripartite agreement [between the federal government, the provincial governments and producers] should be consistent among agreements, and treatment of all classes of products should be equitable; and
- Programs should recognize the need for future changes emanating from Canada's obligations under the General Agreement on Tariffs and Trade (GATT), the Canada-U.S. Free Trade Agreement or similar trade agreements.[4]

The Auditor General's findings, coupled with the extremely large increases in funding for Agriculture Canada in all three sets of supplementary estimates for 1991-92, lead your Committee to conclude that the department may be spending hundreds of millions of dollars on farm assistance programs in an *ad hoc* manner, with little idea of the precise objectives or impacts of these programs. Furthermore, the expenditures seem intended to insulate and protect farmers from market forces, rather than to encourage them to respond and adjust to market signals as the *Farm Income Protection Act* requires.

Your Committee recognizes that a number of unfavourable factors -- principally low world grain prices -- have adversely affected the agricultural sector. However, it wishes to indicate its concern about the 132 per cent increase in the 1991-92 estimates of the Department of Agriculture after the Main Estimates were approved, and believes that it should be possible to forecast a significantly larger proportion of the department's financial needs when the Main Estimates are prepared. It is hoped that it will not be necessary for the government to request such substantial additional resources for this department's programs in the 1992-93 supplementary estimates. Your Committee also notes with concern the unfavourable results of the Auditor General's comprehensive audit of the farm safety net programs of Agriculture Canada, in particular the lack of any systematic evaluation of these programs in recent years. It urges the department to send the Committee its program evaluation plans in order to provide some assurance that the very large appropriations of the department are being spent effectively and that the objectives of its programs are being met.

Because interest rates in 1991-92 have fallen further than was projected in the 1991-92 Main Estimates, the statutory costs of servicing the public debt have declined by $1.700 billion. This is reflected in a decrease of that amount in the supplementary estimates under the Public Debt Program of the Department of Finance. Despite this reduction, the government's 1991-92 borrowing authority was exhausted on January 29, 1992, since which time borrowing requirements have had to be met by the issuance of Treasury Bills subject to Section 47 of the *Financial Administration Act*. In the Fiscal Transfer Payments Program of the same department, fiscal equalization payments are declining by $507.0 million while fiscal stabilization transfers are increasing by $195.6 million, for a net reduction in statutory payments of $309.4 million. These large changes are principally the result of slower economic growth associated with the recession, especially in the province of Ontario.

The appropriation of $16.8 million for the Department of National Defence - Emergency Preparedness Canada increases the estimates of this agency by over 100 per cent. It consists almost entirely of contributions for disaster assistance to the provinces of Manitoba, for forest fire costs in 1989, and Quebec, for a portion of evacuation costs related to the Oka emergency in the summer of 1990.

Associated with the end of the fiscal year, there are several major increases and reductions in statutory transfers to provinces and individuals. Under the *Federal-Provincial Fiscal Arrangements and Federal Post-Secondary Education and Health Contributions Act*, there are increases in contributions to the provinces of $897 million from the Department of National Health and Welfare for health care costs and $418 million from the Department of the Secretary of State for post-secondary education. As well, Health and Welfare requires $231.9 million for additional payments under the Canada Assistance Plan (CAP), even though the annual growth rate of CAP expenditures to the three provinces currently ineligible for fiscal equalization payments has been constrained to 5 per cent, and $13 million for additional Family Allowance payments. However, statutory payments for Old Age Security and associated programs are decreasing by $473 million because of reduced indexation associated with the lower rate of inflation.

A large number of grants and contributions, totalling $160 million, will be made by the Federal Office of Regional Development - Quebec. This new agency, for which the Minister of Health and Welfare is currently responsible, appears in the estimates under the Department of National Health and Welfare. Funds to cover these payments will be transferred from two votes of the Department of Industry, Science and Technology.

Finally, a number of $1 votes appear under the estimates of the Departments of the Solicitor General - Correctional Service of Canada and of Supply and Services. These will establish four new revolving funds for special operating agencies in accordance with the 1991 revisions of the *Financial Administration Act*.

Respectfully submitted,

FERNAND-E. LEBLANC
Chairman

1. See *Proceedings of the Standing Senate Committee on National Finance*, December 4, 1991, pp. 7A:1-2.

2. However, the Minister of Finance has projected a 1991-92 deficit of $31.5 billion, compared to the deficit target of $30.5 billion announced in the February 1991 Budget. The larger deficit reflects slower-than-expected economic growth and tax revenues.

3. The Committee's final report on the 1991-92 Estimates discusses the use of the Government Contingencies Vote in greater detail.

4. See *Report of the Auditor General of Canada to the House of Commons, 1991*, pp. 246-7.

SUMMARY OF EXPENDITURE FRAMEWORK AND ESTIMATES FOR 1991-92

Expenditure Framework	
Budgetary Main Estimates	$157.5 billion
Projected Total Budgetary Estimates	$160.7 billion*
Projected Budgetary Expenditure	$155.5 billion

ESTIMATES TABLED TO DATE FOR 1991-92

	TO BE VOTED	STATUTORY	TOTAL
		(in thousands of dollars)	
Main Estimates			
Budgetary	$47,029,341	$110,498,811	$157,528,152
Non-Budgetary	236,860	137,797	374,657
	$47,266,201	$110,636,608	$157,902,809
Supplementary Estimates (A)			
Budgetary	$ 428,000	-	$ 428,000
Non-Budgetary	-	-	-
	$ 428,000	-	$ 428,000
Supplementary Estimates (B)			
Budgetary	$ 1,290,835	$ 845,000	$ 2,135,835
Non-Budgetary	113,000	27,283	140,283
	$ 1,403,835	$ 872,283	$ 2,276,118
Supplementary Estimates (C)			
Budgetary	$ 1,145,557	$ (577,124)	$ 568,433
Non-Budgetary	31,527	$ 73,100	$ 104,627
	$ 1,177,084	$ (504,024)	$ 673,060
TOTAL ESTIMATES TABLED			
Budgetary	$49,893,734	$110,766,687	$160,660,421
Non-Budgetary	381,387	238,180	619,567
	$50,275,121	$111,004,867	$161,279,988**

* Total Estimates will always differ from Total Budgetary Expenditures. The following adjustments not reflected in Estimates account for the difference in current forecasts:

		($B)
Total Budgetary Estimates		160.7
Reductions, Anticipated Lapses and Spending Freeze	(2.2)	
Amounts Charged to Prior Years' Deficits	(1.2)	
Reduction in Defence Spending	(0.4)	
Reduced Public Service Pension costs due to revised actuarial assumptions and impact of the proposed PS Pension Reform legislation	(1.5)	
Projected Budgetary Expenditure		155.5

** Numbers differ from Part II of the Estimates (General Summary) due to rounding.

SUPPLY TO DATE FOR 1991-92

Three Appropriation Acts have been approved in respect of Estimates for 1991-92:

Supply Approved to Date:

Appropriation Act No. 1, 1991-92 granted Interim Supply for the 1991-92 Main Estimates equal to an initial allocation of 3/12ths for all Votes plus 34 additional proportions	$13,144,733,701.68
Appropriation Act No. 2, 1991-92 granted Supply for the balance of Main Estimates for 1991-92	$34,121,467,438.32
and	
Supply for the whole of Supplementary Estimates (A), 1991-92	$ 428,000,000.00
Appropriation Act No. 3, 1991-92 granted Supply for the whole of Supplementary Estimates (B), 1991-92	$ 1,403,835,364.00
Sub-Total	$49,098,036,504.00

Awaiting Approval:

Supply for the whole of Supplementary Estimates (C), 1991-92	$ 1,177,084,123.00
TOTAL	$50,275,120,627.00

Summary of Items ($5 million or greater by Vote)
Included in Supplementary Estimates (C), 1991-92

DEPARTMENT *Program* Item	Gross	Transfer	Net Appropriations	Vote Increase
AGRICULTURE				
Agri-Food Program				
Purchase and resale of pelts	18,405,770	18,405,769	1	5c
Grains and Oilseeds Program				
Reimbursement of the 1990-91 wheat, amber durum wheat and barley pools account deficits	768,944,521	1,375,340	767,569,181	30c
EMPLOYMENT AND IMMIGRATION				
Immigration Program				
Increased contributions-Adjustment Assistance	9,222,000	9,221,999	1	25c
ENVIRONMENT				
Administration Program				
Green Plan Initiatives	9,678,200	7,172,001	2,506,199	1c
Environmental Services				
Green Plan Initiatives	12,011,229	-	11,229,000	1c
		782,228	1	5c
EXTERNAL AFFAIRS				
Canadian Interests Abroad Program				
United Nations Peacekeeping Operations	19,512,000	13,867,054	5,644,946	10c
Humanitarian Assistance to the Republics of the former USSR, the Baltic States and Yugoslavia	7,000,000	-	7,000,000	10c
Canadian International Development Agency				
Increased class grant for development assistance	6,200,000	2,835,371	1	35c
		(3,364,629 available within Vote 35c)		
Export Development Corporation				
Debt deletion	18,802,246	-	18,802,246	57c
FINANCE				
Financial and Economic Policies Program				
Transfer in of Privatization activities	6,645,000	-	6,645,000	1c

Summary of Items ($5 million or greater by Vote)
Included in Supplementary Estimates (C), 1991-92

DEPARTMENT *Program* Item	Gross	Transfer	Net Appropriations	Vote Increase
FISHERIES AND OCEANS				
Grants to self-employed fishermen	7,000,000	6,999,999	1	1c
INDIAN AFFAIRS AND NORTHERN DEVELOPMENT				
Indian and Inuit Affairs Program				
Social Assistance	22,136,500	22,136,500		15c
Policing on Reserve	6,550,000		6,550,000	15c
Elementary/Secondary education	5,518,149	4,596,710	921,439	15c
Northern Affairs Program				
Additional grants and contributions	7,106,523	7,106,522	1	35c
INDUSTRY, SCIENCE AND TECHNOLOGY				
Industry, Science and Technology Program				
Additional operating costs	14,433,284	14,433,283	1	1c
Contribution to Quebec relating to completion of work on CPF and TRUMP vessels	27,941,142	17,045,360	10,895,782	5c
JUSTICE				
Increased contribution for legal aid	16,099,280	-	16,099,280	5c
Increased contribution for Young Offenders	47,159,982	-	47,159,982	5c
NATIONAL DEFENCE				
Additional capital costs	100,000,000	99,999,999	1	5c
Emergency Preparedness Canada				
Disaster Financial Assistance - Manitoba and Quebec	16,757,158	-	16,757,158	20c
NATIONAL HEALTH AND WELFARE				
Departmental Administration Program				
Additional operating and capital costs	6,203,417	-	6,203,417	1c
Health Program				
Additional operating and capital costs	9,052,000	-	9,052,000	5 & 10c

Summary of Items ($5 million or greater by Vote)
Included in Supplementary Estimates (C), 1991-92

DEPARTMENT *Program* Item	Gross	Transfer	Net Appropriations	Vote Increase
NATIONAL HEALTH AND WELFARE (cont'd)				
Action Plan on Health and the Environment	5,990,000	-	5,990,000	5, 10 & 15c
Increased costs of Non-Insured Health Services	22,555,000	-	22,555,000	5 & 15c
1994 Commonwealth Games	11,000,000	-	11,000,000	15c
Social Program				
Vocational rehabilitation of Disabled Persons	24,950,000	-	24,950,000	25c
Federal Office of Regional Development - Quebec				
Establishment of the Federal Office of Regional Development - Quebec	155,496,202	155,496,200	2	26 & 27c
NATIONAL REVENUE				
Customs and Excise				
Additional capital costs	6,900,000	6,899,999	1	5c
PRIVY COUNCIL				
Constitutional Conferences Secretariat	8,960,000	-	8,960,000	1c
PUBLIC WORKS				
Real Property Program				
GST Processing Centre for Revenue Canada - Customs and Excise in Summerside, P.E.I.	7,845,000	-	7,845,000	10c
Accessibility improvement projects to Crown - owned and lease-purchased facilities	6,405,000	-	6,405,000	10c
SECRETARY OF STATE				
The Aboriginal Constitutional Review Program	9,300,000	-	9,300,000	5c
Canada 125	10,179,162	-	10,179,162	5c
Knowing Canada Better	8,000,000	-	8,000,000	5c

Summary of Items ($5 million or greater by Vote)
Included in Supplementary Estimates (C), 1991-92

DEPARTMENT *Program* Item	Gross	Transfer	Net Appropriations	Vote Increase
SOLICITOR GENERAL				
Royal Canadian Mounted Police				
Additional capital costs	6,566,000	6,565,999	1	30c
SUPPLY AND SERVICES				
Communications in support of Government initiatives	16,300,000	-	16,300,000	1c
Additional operating and capital costs	7,673,000	-	7,673,000	1 & 5c
TRANSPORT				
Additional operating costs	98,602,000	98,601,999	1	1c
Laurentian Pilotage Authority - 1991 operating deficit	5,243,000	5,242,999	1	28c
Payments to Via Rail Canada Inc.- Additional operating costs	27,036,000	21,591,516	5,444,484	35c
Payments to Canada Ports Corporation for the Interport Loan Fund	30,000,000	-	30,000,000	L46c
VETERANS AFFAIRS				
Veterans Affairs Program				
Additional operating and capital costs	20,000,000	-	20,000,000	1c

LIST OF ONE DOLLAR VOTES INCLUDED IN

SUPPLEMENTARY ESTIMATES (C), 1991-92

The fifty-two 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-nine 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 the Supplementary Estimates).

B. Six votes which authorize the payment of grants. (An explanation of the new requirement and the source of funds is provided in the Supplementary Estimates).

C. Seventeen miscellaneous votes. (Additional explanations are provided in Appendix II).

- one vote which increase the limit of the Government Telecommunications Agency Revolving Fund - Communications;

- five votes which adjusts the Accounts of Canada to remove debts due Her Majesty in Right of Canada - Employment and Immigration (2 votes); Indian Affairs and Northern Development; Industry, Science and Technology and Transport;

- two votes which increases the loan guarantee authority of the Ministers - External Affairs and Indian Affairs and Northern Development;

- one vote for issuance of non-interest bearing non-negotiable demand votes to the Global Environment Facility of the International Bank for Reconstruction and Development - Finance;

- one vote which reduces the amount that may be outstanding at any time under the Indian Economic Development Account - Indian Affairs and Northern Development;

- one vote which authorizes the Canada Post Corporation to borrow otherwise than from the Crown;

- four votes which authorize the appropriate Minister to establish Revolving Funds; these authorities are pursuant to Section 29.1(2)(b) of the Financial Administration Act - Correctional Service and Supply and Services (3 votes);

- one vote to repeal Section 8 of the Revolving Funds Act 1985 (R.S. 1985, c. R-8) - Supply and Services; and

- one vote to delete from the accounts of the Supply Revolving Fund - Supply and Services.

Estimates Division
March 1992

APPENDIX I

LIST OF ONE DOLLAR VOTES IN
SUPPLEMENTARY ESTIMATES (C), 1991-92

Page	Department and/or Agency	Vote	Categories		
			A	B	C
26	Agriculture	1c	X		
27	Agriculture	5c	X		
29	Agriculture	20c	X		
29	Agriculture	25c	X		
31	Atlantic Canada Opportunities Agency	1c	X		
31	Atlantic Canada Opportunities Agency	5c		X	
32	Communications	1c	X		
32	Communications	2c			X
32	Communications	10c		X	
32	Communications	15c	X		
34	Employment and Immigration	1c	X		
35	Employment and Immigration	6c	*		X
36	Employment and Immigration	15c	X		
36	Employment and Immigration	16c	*		X
36	Employment and Immigration	25c	X		
39	Environment	10c	X		
41	External Affairs	11c			X
43	External Affairs	15c	X		
44	External Affairs - Canadian International Development Agency	35c	*	X	
46	Finance	L11c			X
51	Fisheries and Oceans	1c	X		
51	Fisheries and Oceans	10c		X	
54	Indian Affairs & Northern Development	7c			X
57	Indian Affairs & Northern Development	31c	*		X
57	Indian Affairs & Northern Development	32c			X
57	Indian Affairs & Northern Development	35c	X	*	
57	Indian Affairs & Northern Development	36c	X		

Page	Department and/or Agency	Vote	Categories		
			A	B	C
59	Indian Affairs & Northern Development	45c	X		
60	Industry, Science and Technology	1c	X		
60	Industry, Science and Technology	6c	*		X
62	Industry, Science and Technology - National Research Council	75c	X		
64	Industry, Science and Technology - Canada Post Corporation	107c			X
68	Labour	5c	X		
70	National Defence	5c	X		
77	National Health and Welfare - Federal Office of Regional Development - Quebec	26c	X		
77	National Health and Welfare - Federal Office of Regional Development - Quebec	27c	X	*	
79	National Revenue - Customs and Excise	5c	X		
90	Solicitor General - Correctional Service	10c		X	
90	Solicitor General - Correctional Service	11c			X
91	Solicitor General - Royal Cdn. Mounted Police	30c	X		
92	Supply and Services	11c			X
92	Supply and Services	12c			X
92	Supply and Services	13c			X
93	Supply and Services	14c			X
93	Supply and Services	15c			X
95	Transport	1c	X		
95	Transport	2c	*		X
95	Transport	10c		X	
95	Transport	15c	X		
95	Transport	16c	X		
95	Transport	27c	X		
95	Transport	28c	X		

APPENDIX II

Additional Explanation

Category C - Miscellaneous $1.00 Votes

Communications

Vote 2c — Government Telecommunications Agency Revolving Fund - Pursuant to Section 12 of the Revolving Funds Act, to increase from $30,000,000 to $64,000,000 the amount by which the aggregate of expenditures made may exceed the revenues referred to in that section.

Explanation — The GTA's revolving fund is being increased from $30 million to $64 million. First, an increase of $10 million for GTA to start billing client departments in arrears, as telephone companies do. This more effective billing procedure should not have any financial implication on the framework, as the delays to obtain payments will be offset by the delays for departments to make their payments. The second increase, which amounts to $24 million, is for GTA to take over (be an intermediary) the billing of local charges to departments and integrate it to its own billing. This measure should save administrative costs to departments and prevent late payment penalties.

APPENDIX II

Additional Explanation

Category C - Miscellaneous $1.00 Votes

Employment and Immigration

Vote 6c Employment and Insurance - Pursuant to Section 25(2) of the Financial Administration Act, to write-off from the Accounts of Canada 83 debts due Her Majesty in Right of Canada amounting in the aggregate of $3,867.52 in regards to Government Annuity Account overpayments - To authorize the transfer of $3,867 from Employment and Immigration Vote 5, Appropriation Act No. 2, 1991-92 for the purposes of this Vote.

Explanation TB 817457, December 12, 1991. This item authorizes the write-off of 83 overpayments from the Government Annuities Account with an outstanding balance of $3,867.52. These debts are being written-off for the following reasons:

- the debtor is deceased - $3,824.43; and
- the further cost of collecting the debt is not justified - $43.09.

APPENDIX II

Additional Explanation

Category C - Miscellaneous $1.00 Votes

Employment and Immigration

Vote 16c Immigration - Pursuant to Section 25(2) of the Financial Administration Act, to write-off from the Accounts of Canada 2,038 debts due Her Majesty in Right of Canada amounting in the aggregate of $1,827,095.00 in regards to transportation loans issued pursuant to Section 119 of the Immigration Act - To authorize the transfer of $1,827,094 from Employment and Immigration Vote 5, Appropriation Act No. 2, 1991-92 for the purposes of this Vote.

Explanation TB 817441, December 12 1991. This item authorizes the write-off of 2,038 transportation loans with an outstanding balance of $1,827,095. These loans are being written-off for the following reasons:

- the debtor is not a resident of Canada or cannot be located - $1,251,901;
- the debtor is incapable of repaying the debt - $419,540;
- the debtor is deceased - $108,102;
- the debtor is an undischarged bankrupt - $26,040; and
- the further cost of collecting the debt is not justified - $21,512.

A similar item is included in Final Supps each year.

APPENDIX II

Additional Explanation

Category C - Miscellaneous $1.00 Votes

External Affairs & International Trade Canada

Vote 11c To increase the loan guarantee authority of the Minister authorized by External Affairs Vote 11b, Appropriation Act No. 3, 1991-92: a) from $25,000,000 to $27,000,000 for loans to the Government of Romania; and b) from $10,000,000 to $11,000,000 for loans to the Government of Bulgaria.

Explanation The G-24 (a coordinating body of OECD countries of which Canada is a member) agreed to undertake a concerted effort to provide balance of payments support for Eastern European countries undertaking major programs of economic adjustment with the support of the International Monetary Fund. Canada has chosen to provide this support to the governments of these countries in the form of loan guarantees against loans to be issued by Canadian financial institutions.

The provision of loan guarantees to Romania ($25M) and Bulgaria ($10M) was included in Supplementary Estimates 'B'. Soon after securing authority to proceed with the loan guarantees, however, the department realized it would require authority to guarantee amounts in excess of the loan principal.

Canadian financial institutions providing the loans require the guarantee to cover other items such as accrued interest, interest on interest and administration fees. The option of reducing the amount of the loan principal, and thus staying within the total amounts originally approved for the guarantees, was rejected in light of the public commitments and statements of the intent of the Government of Canada to actively and fully support economic reform in these countries. It was accordingly decided to seek authority to increase the amount of the loan guarantees to cover the additional items required by the financial institutions.

APPENDIX II

Additional Explanation

Category C - Miscellaneous $1.00 Votes

Finance

Vote L11c In accordance with the Bretton Woods and Related Agreements Act, the issuance of non-interest bearing non-negotiable demand notes in an amount not to exceed $3,333,334 to the Global Environment Facility of the International Bank for Reconstruction and Development.

Explanation This authority provided by Finance's Vote L11c will authorize the issuance of notes not exceeding $3,333,334 (Canadian) to the Global Environment Facility of the International Bank for Reconstruction and Development to meet Canada's obligations in the participation to this multilateral facility administered by the International Bank for Reconstruction and Development.

Encashment of the notes will be effected from budgetary funds in over the next few years as required under the statutory authority of the Bretton Woods and Related Agreements Act.

APPENDIX II

Additional Explanation

Category C - Miscellaneous $1.00 Votes

Indian Affairs and Northern Develor ent

Vote 7c Indian and Inuit Affairs - To reduce from $64,000,000 to $62,881,096 the amount that may be outstanding at any time under the Indian Economic Development Account established by Indian Affairs and Northern Development Vote L53b, Appropriation Act No. 1, 1970.

Explanation The Indian Economic Development Fund Direct Loan Program is a lender of last resort for Indian businesses. DIAND is winding down its direct loan programs; direct loans are now generally made through the Dept of I-S-T-C in keeping with the "one window" approach to business financing under the Canadian Aboriginal Economic Development Strategy (CAEDS).

In August 1990, TB approved the underlying principles related to the sale of DIAND's existing loan portfolios. The reduction in these Supplementary Estimates of outstanding authority in the Indian Economic Development Account reflects the sale of a portion of DIAND's outstanding direct loan portfolio in keeping with the wind down of DIAND's activity in this area.

APPENDIX II

Additional Explanation

Category C - Miscellaneous $1.00 Votes

Indian Affairs and Northern Development

Vote 31c Northern Affairs - Pursuant to Section 25(2) of the Financial Administration Act, to write-off from the accounts of Canada, certain debts and obligations due to Her Majesty in Right of Canada amounting to $161,158.36 representing the principal balances of 6 loans owed by 6 debtors arising from direct loans made from the Eskimo Loan Fund, established under the authority of Resources and Development Vote 546, Appropriation Act No. 3, 1953 - To authorize the transfer of $161,158 from Indian Affairs and Northern Development Vote 5, Appropriation Act No. 2, 1991-92 for the purposes of this Vote.

Explanation These loans are being written off for the following reasons:

Corporation inactive and without assets	88,677.94
Unable to pay-income below basic	49,861.07
level (2 debtors)	7,619.35
Further action not cost effective	
(3 debtors)	15,000.00
(interest only)	0
	161,158.36

APPENDIX II

Additional Explanation

Category C - Miscellaneous $1.00 Votes

Indian Affairs and Northern Development

Vote 32c Northern Affairs - Pursuant to Section 29 of the Financial Administration Act to authorize the Minister on behalf of Her Majesty in right of Canada and in accordance with terms and conditions approved by the Minister of Finance, to guarantee loans up to but not exceeding in the aggregate $17,000,000 to Curragh Resources Inc. until December 31, 1996.

Explanation The purpose of this note is to secure authority for the Minister of DIAND to provide a loan guarantee to Curragh Resources Inc.

Curragh Resources Inc. operates mining operations in Faro, Yukon, which account for approximately 20% of Yukon GDP. As a result of overexpansion, Curragh is experiencing a severe cash flow problem, which prevents it from obtaining market financing of $40M to undertake an 18-month project to remove overburden from the Grum deposit to gain access to the ore. Failure to proceed with the stripping will result in closure of the Faro operations by the end of 1992.

In December 1991, Curragh approached the federal government to request a loan guarantee of $40M. DIAND and Finance officials are currently reviewing this request. The proposed loan guarantee would be shared equally with the Yukon (37½%) and a financial institution (15%) (the federal share being 37½% of $40M, i.e., $17M).

Although Curragh recently received $60M from the sale of its interest in Asturiana de Zinc (a Spanish smelter), and is continuing its efforts to raise cash through sale of other assets, its cash flow is such that government assistance is likely to be required in the near future.

APPENDIX II

Additional Explanation

Category C - Miscellaneous $1.00 Votes

Industry, Science and Technology

Vote 6c — Pursuant to Section 25(2) of the Financial Administration Act, to write-off from the Accounts of Canada, an amount of $1,090,358.00 due to Her Majesty in Right of Canada by Chaussures Savage Shoes Limited - To authorize the transfer of $1,090,357 from Industry, Science and Technology Vote 25, Appropriation Act No. 2, 1991-92 for the purposes of this Vote.

Explanation — TB 817331, November 28, 1991. This item authorizes the write-off of a loan (debenture) with an outstanding balance of $1,090,358 principal and $132,261.62 accrued interest (total $1,222,619.62).

The company ceased operation in June 1989, when a receiver was approved by the secured creditor, Bank of Montreal.

This loan held second position with respect to recovery behind the Federal Business Development Bank. The FBDB incurred a loss on its recoverable loan.

While other options were considered to achieve some recovery, ISTC's legal services recommended no further measures were warranted as at October 23, 1990.

APPENDIX II

Additional Explanation

Category C - Miscellaneous $1.00 Votes

Industry, Science and Technology - Canada Post Corporation

Vote 107c Canada Post Corporation - In accordance with Section 28 of the Canada Post Corporation Act and Sections 101 and 127(3) of the Financial Administration Act, to authorize the Canada Post Corporation to borrow otherwise than from the Crown up to $200 million in fiscal year 1992-93 in accordance with terms and conditions approved by the Minister of Finance.

Explanation Parliamentary approval is required for Canada Post to borrow in external capital markets. General authority is already contained in the Canada Post Corporation Act and specific authority is being sought through this Supplementary Estimate. Approval is sought for 1992-93 because the first Supplementary Estimates in fiscal year 1992-93 is normally not approved until the Fall and Canada Post needs access to funds at the start of the fiscal year.

APPENDIX II

Additional Explanation

Category C - Miscellaneous $1.00 Votes

Solicitor General - Correctional Service

Vote 11c CORCAN Revolving Fund - Pursuant to Section 29.1(2)(b) of the Financial Administration Act, to authorize the Solicitor General of Canada, effective as of April 1, 1992, to make expenditures out of the Consolidated Revenue Fund, in accordance with terms and conditions approved by the Treasury Board, for the purpose of carrying on the operations of CORCAN including: authority for the Minister to spend for the purposes of the fund any revenues received in respect of those purposes; and, the aggregate of expenditures made for the purposes of the fund shall not at any time exceed by more than forty-five million dollars the revenues received in respect of the purposes of the fund.

Explanation In order to equip offenders to become productive members of society, the Correctional Service currently provides occupational development (prison industries) programs carried on under the name CORCAN for about 14% (1650) of its offender population. CORCAN will have increased operating flexibility effective April 1, 1992 as a result of the granting of Special Operating Agency status and the establishment of a revolving fund.

A revolving fund is, in effect, the government equivalent of a commercial line of credit. Several funds are in existence in other departments. CORCAN will make all expenditures with withdrawals from the fund and will deposit its sales receipts to the fund to reduce its net balance owing and consequently its interest cost.

APPENDIX II

Additional Explanation

Category C - Miscellaneous $1.00 Votes

Supply and Services

Vote 11c Supply Revolving Fund - In accordance with Section 12 of the Revolving Funds Act, (R.S. 1985,c.R-8), to repeal Section 8 of the said Act, as of March 31, 1992.

Explanation Most of the activities of the current Supply Revolving Fund (SRF) will either be covered by appropriations as of April 1, 1992 (in accordance with a previous Treasury Board decision) or will fall under one of the two new revolving funds being established for SSC's Special Operating Agencies effective April 1, 1992.

As a result, SSC has proposed to terminate the SRF and to create a new revolving fund called Optional Services Revolving Fund to cover the activities remaining.

APPENDIX II

Additional Explanation

Category C - Miscellaneous $1.00 Votes

Supply and Services

Vote 12c Canada Communication Group Revolving Fund - Pursuant to Section 29.1(2)(b) of the Financial Administration Act, to authorize the Minister of Supply and Services, effective as of April 1, 1992, to make expenditures out of the Consolidated Revenue Fund, in accordance with the terms and conditions approved by the Treasury Board, for the purpose of Section 5(1)(b) and (d) of the Department of Supply and Services Act in respect of communications services and including: authority for the Minister to spend for the purposes of the fund any revenues received in respect of those purposes; and, the aggregate of expenditures made for the purposes of the fund shall not at any time exceed by more than $100,000,000 the revenues received in respect of the purposes of the fund.

Explanation As part of a government initiate announced in December, 1989, two Special Operating Agencies (SOA's) were created within SSC and have been operating officially since April 1, 1991. Both the Canada Communications Group (CCG) and Consulting and Audit Canada (CAC) have been assigned the responsibility to deliver services identified under the Department of Supply and Services Act.

For CCG this includes printing, publishing, advertising, public opinion research, and a wide range of communications services to meet the communications needs of government.

As part of the Treasury Board approval for each SOA, their operations are to be accounted for through separate revolving funds. Currently, each SOA has been operating under a separate account within the existing Supply Revolving Fund (SRF).

APPENDIX II

Additional Explanation

Category C - Miscellaneous $1.00 Votes

Supply and Services

Vote 13c Consulting and Audit Canada Revolving Fund - Pursuant to Section 29.1(2)(b) of the Financial Administration Act, to authorize the Minister of Supply and Services, effective as of April 1, 1992, to make expenditures out of the Consolidated Revenue Fund, in accordance with the terms and conditions approved by the Treasury Board, for the purpose of Section 7(3)(a), (b) and (f) of the Department of Supply and Services Act in respect of management consulting services, auditing services and other related services including: authority for the Minister to spend for the purposes of the fund any revenues received in respect of those purposes; and, the aggregate of expenditures made for the purposes of the fund shall not at any time exceed by more than $30,000,000 the revenues received in respect of the purposes of the fund.

Explanation As part of a government initiative announced in December, 1989, two Special Operating Agencies (SOA's) were created within SSC and have been operating officially since April 1, 1991. Both the Canada Communications Group (CCG) and Consulting Audit Canada (CAC) have been assigned the responsibility to deliver services identified under the Department of Supply and Services Act.

For CAC this includes comprehensive audit services as well as consulting expertise in program review, business planning and innovative government organizations, as well as management of human resources, finance and project management.

As part of the Treasury Board approval for each SOA, their operations are to be accounted for through separate revolving funds. Currently, each SOA has been operating under a separate account within the existing Supply Revolving Fund (SRF).

APPENDIX II

Additional Explanation

Category C - Miscellaneous $1.00 Votes

Supply and Services

Vote 14c Optional Services Revolving Fund - Pursuant to Section 29.1(2)(b) of the Financial Administration Act, to authorize the Minister of Supply and Services, effective as of April 1, 1992, to make expenditures out of the Consolidated Revenue Fund, in accordance with the terms and conditions approved by the Treasury Board, for the purpose of Section 5(1)(c) of the Department of Supply and Services Act in respect of the acquisition and provision of office supplies, services and equipment; and for the recording of the Cost of Product of Traffic Management and the Buy for Lease Program; and, for the purpose of Section 6 of the Surplus Crown Assets Act for the distribution and disposal of surplus Crown assets; including: authority for the Minister to spend for the purposes of the fund any revenues received in respect of those purposes; and the aggregate of expenditures made for the purposes of the fund shall not at any time exceed by more than $100,000,000 the revenues received in respect of the purposes of the fund.

Explanation Most of the activities of the current Supply Revolving Fund (SRF) will either be covered by appropriations as of April 1, 1992 (in accordance with a previous Treasury Board decision) or will fall under one of the two new revolving funds being established for SSC's Special Operating Agencies effective April 1, 1992.

As a result, SSC has proposed to terminate the SRF and to create a new revolving fund called Optional Services Revolving Fund to cover the activities remaining. These activities include Stocked Item Supply and Crown Assets Disposal.

APPENDIX II

Additional Explanation

Category C - Miscellaneous $1.00 Votes

Supply and Services

Vote 15c Supply and Services - To authorize the Minister to delete from the accounts of the Supply Revolving Fund an amount of up to $1,910,000 for the close down costs of the Canadian Government Photo Centre.

Explanation On December 15, 1989, the President of the Treasury Board announced a number of initiatives designed to make government operations more efficient and to save tax dollars. As part of this exercise, the President announced that the in-house production facilities of the Canadian Government Photo Centre and the Canadian Government Expositions Centre would be closed down.

In consultation with staff from the Office of the Comptroller General, it was determined that the preferable method to address the extraordinary close-out costs incurred by SSC in this case, was to allow the department to write-off a corresponding amount of accumulated deficit from existing drawdown authority within the Supply Revolving Fund. This is accomplished by printing a $1 item in Supplementary Estimates.

Approximately $1.9 million in close out costs were identified of which, more than half relate to accommodation costs to be paid to Public Works as part of the terms of sale of the production facilitates to employee groups. An additional $700K represents a loss on the sale of inventory and capital which must be recovered in the Supply Revolving Fund accounting.

APPENDIX II

Additional Explanation

Category C - Miscellaneous $1.00 Votes

Transport

Vote 2c Transport - Pursuant to Section 24.1 of the Financial Administration Act, to forgive a debt due Her Majesty in Right of Canada in respect of the Northern Transportation Company Limited in the principal amount of $4,000,000 and to forgive the interest owing thereon in the amount of $1,708,516 - To authorize the transfer of $3,999,999 from Transport Vote 30, Appropriation Act No. 2, 1991-92 for the purposes of this Vote.

Explanation NTCL, a former Crown corporation, was privatized in 1985. As part of the sale, the Crown assumed a $7M debt. In 1988, TB 809229 amended the sale agreement whereby NTCL paid $3M in full payment of the debt. The delay in showing this amount in SE (needed to adjust the Accounts of Canada) was occasioned by a required amendment to the FAA to enable forgiveness of a debt of a non-Crown corporation. Only the $4M in principal owing appears on the Books of Canada and only $4M is considered budgetary. The Vote wording includes parliamentary authority to also forgive interest of $1,708,516.

THE SENATE

Thursday, March 26, 1992

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

Prayers.

GENERAL ELECTION

NUMBER OF DAYS LEFT IN CURRENT TERM

Hon. Royce Frith (Leader of the Opposition): Honourable senators, Senator Murray's democratic colleagues have 240 days to election, whereas those of his colleagues who are cowardly and contemptuous of democracy have 626.

Speaking of days, I would like to comment on the work that Senators Cogger and Barootes did yesterday to work out the number of days during which, as they put it, they are going to have to put up with me. I considered it a great compliment. Thank you very much for letting me know how much you look forward to the fact that I will not be here giving you trouble.

[*Translation*]

THE LATE BARBARA FRUM

TRIBUTES

Hon. Solange Chaput-Rolland: Honourable senators, as I rise in the House today to speak to honourable senators on both sides of this chamber, I do so with sadness in my heart at the passing away of Mrs. Barbara Frum, a great friend of ours and of all Canadians.

Those who knew her, and many did, know how keenly this loss will be felt by the media and by all Canadians. She was one of our greatest journalists, on a level with Anne Sinclair in France and with top journalists in Canada and elsewhere.

She had an uncommonly incisive intellect. I knew her like most people did who were involved in radio and television at the CBC for the past 25 years. Her courage and her determination to live were greater than her fear of dying. She first knew she had this terrible disease, leukemia, 25 years ago. People around her never realized she was ill. I do not want to take up too much of your time, honourable senators, but I feel I must pay her the most heartfelt tribute the journalist I still am, at heart, can give.

[*English*]

Barbara Frum's loss will be felt from coast to coast and by all Canadians, whether they watch CTV or CBC or some other network. She was a grand journalist. Perhaps more than anyone else here I know that journalists are often not well liked, but Barbara Frum had the quality of respecting the people she interviewed. Yes, she was tough sometimes, and sometimes we didn't like her interviews, but, tough or not, for the most part she always showed great respect for the persons she interviewed.

As a Quebecer and as a journalist, I want to say to you very simply that her death will be deeply felt.

[*Translation*]

God bless you, Barbara Frum.

[*English*]

Hon. Richard J. Doyle: Honourable senators, on January 11, 1982, Barbara Frum dropped into our house. With the exception of my wife, she has come back more often to our place than any person I know.

Through *The Journal*, she has soothed my tattered nerves and aroused my flaming anger, and very often on the same night. She has driven my wife to her most familiar quotation, "Why don't you wait till she's finished?"

Perhaps, honourable senators, it would be more appropriate in paying tribute to Mrs. Frum to list the places in which she has established her fame as the country's most perceptive interviewer working in the English language.

She was a splendid print journalist, as *Maclean's*, *Saturday Night* and the *Globe and Mail* can attest.

On *As it Happens*, and for 10 years on *The Journal*, she handled the important stories, and, by simply changing the tone of her voice, reflected the anxieties of her time. It was not uncommon at party conventions to see people line up for her autograph, while political leaders went looking for attention.

In her line of work, there are many celebrities—none of them as well known, as much admired, or as often quoted as Barbara Frum.

Although I knew her, no one ever asked me, "What is Barbara Frum really like?" Why was that? It was because each of us knew exactly what she was really like: well-informed, curious, terribly concerned, and always on our side.

Barbara Frum, in her time, was the most influential woman in English Canada.

A great controversy has been churning on the front pages of Quebec newspapers this week over what became of Barbara Frum's final interview. It was one of the hundreds of interviews that she had done in coverage of Canada's unity crisis. She drew us into her own dedication to national survival. The Order of Canada was among the honours she had received. No one answered better to the Order's motto: "They desire a better country".

Hon. Senators: Hear, hear!

THE HONOURABLE JACK MARSHALL

TRIBUTES ON CONTRIBUTION TO CANADIAN VETERANS—ANNOUNCEMENT OF MINISTER OF VETERANS AFFAIRS

Hon. L. Norbert Thériault: Honourable senators, more often than not, when we pay tribute and show respect in this house, it is to the deceased, and I join my colleagues in their tributes to Barbara Frum. However, my purpose in standing today is to pay homage to one of our colleagues, my good friend Senator Marshall.

This morning the Minister of Veterans Affairs announced that the Government of Canada will recognize, finally, the contribution made to this country by those who served in the Merchant Marine during the war.

We should all say "Thank you" to Senator Jack Marshall for this announcement. He has shown by his determination that even a single senator can achieve something if he works long and hard enough at it.

Hon. Senators: Hear, hear!

Hon. M. Lorne Bonnell: Honourable senators, I would certainly not want to take anything away from Senator Marshall, but I wish to congratulate the Leader of the Government in the Senate for his quick action after my speech the other day in which I demanded that this action take place. He got to the Minister of Veterans Affairs and the minister acted quickly. Today, he made his announcement in Halifax.

Senator Simard: You are not going to take credit for that action.

Senator Bonnell: I did not ask for credit. I am giving the credit to whom it belongs, the Leader of the Government.

VETERANS AFFAIRS

WAR VETERANS ALLOWANCE—INELIGIBILITY OF VETERANS OF KOREAN CONFLICT

Hon. M. Lorne Bonnell: Now that the Minister of Veterans Affairs has made this announcement on behalf of the merchant seamen, will the Leader of the Government in the Senate bring to his colleague's attention the fact that veterans of the Korean conflict are not eligible for War Veterans Allowance, or for the VIP treatments, if they served after the summer of 1953. Yet, the Governor General has honoured these veterans with a medal for being in the Korean War up until 1954. Consequently there is a group of Canadians, veterans of the Korean conflict, who have been neglected and who are ineligible for War Veterans Allowance and the VIP treatment.

● (1410)

Would the Leader of the Government do the same work as he did on behalf of the mariners and get right back to his colleague the minister and see if I a decision cannot be made on behalf of those veterans of the Korean conflict who are still waiting for the VIP treatments and for the War Veterans Allowance?

THE LATE BARBARA FRUM

TRIBUTE

Hon. Lorna Marsden: Honourable senators, I would like to join with my colleagues opposite who paid tribute to Barbara Frum. She was everything that has been said. She was a splendid journalist, but in addition to that she was a great member of the community, a model for many people in the community. She was a generous contributor to the life of Toronto and other places in our country, and her loss will be very deeply felt.

I am sure we all want to send our sympathy to all the members of her family who are undoubtedly suffering deeply.

[*Translation*]

EASTERN CANADA

URGENT NEED FOR HIGHWAY CONSTRUCTION

Hon. Eymard G. Corbin: Honourable senators, further to the conference that ended in Toronto yesterday, we now know that the Prime Minister of Canada once again promised to become involved in improving the roads in the Maritime provinces and Quebec.

However, this is not the first time that the Prime Minister has recognized the urgency not only of repairing roads but also of building new ones in Eastern Canada, since he already admitted that it was necessary in the last federal election campaign. Now he is repeating the same thing.

I am pleased to learn that the Prime Minister recognizes the urgency of such a program. Nevertheless, we need to know when his words will be followed by concrete action. According to some journalists, the Minister of Finance, who also attended the Toronto meeting, has still not loosened the purse strings.

So all I am asking the government to do is to continue its good intentions and to follow them up. Let them announce for the next road-building season in Eastern Canada, this coming summer, which is fast approaching, what the federal government's share will be so that the provinces can start their construction sites working this year.

[*English*]

ALBANIA

VICTORY OF DEMOCRATIC PARTY IN ELECTIONS

Hon. B. Alasdair Graham: Honourable senators, I wish to draw the attention of this house to the recent victory of the Democratic Party in Albania in watershed elections signifying an end to 48 years of communist rule.

The 65 per cent support achieved by Dr. Sali Berisha's party is a remarkable event in itself because Albania was for years renowned for its isolation within a seemingly impregnable Stalinist fortress. This is Europe's poorest country and most of us know it to be a totalitarian wasteland far removed, over the last few years, from the mainstream of Gorbachev-style reformism.

Therefore, honourable senators, these elections represent a dramatic change of fortune for an oppressed, marginalized

peoples. Albanians have demonstrated a dynamic political will which has impressed much of the international community.

The results prove to be particularly compelling for me, as I am proud to call Dr. Berisha a friend. We last met as co-leaders of a 75-person delegation from 23 countries during the Bulgarian election of October, 1991. At that time, he encouraged me to visit Albania for the forthcoming spring elections.

I spoke with him just last week before his recent triumph. I was greatly moved, as he had entreated me in his earlier phone calls to act quickly and make arrangements to monitor the elections last Sunday. He feared that the Commissars, the old-style communists, would try to rig the elections again. Unfortunately for me, I could not go. However, as we know, Dr. Berisha's fears, while justified, were not borne out. Upon his victory, he stated joyfully to 60,000 jubilant supporters that the long night of communism had ended.

Dr. Berisha has been the bold catalyst to the unleashing of democratic forces in Albania. But I know he is fully aware that the commissars have many faces and that their assault on the recent democratic revolution is multi-faceted. The new commissars in post-election Albania are starvation, economic ruination and disease. They are the commissars of the new apocalypse. Their dominion will be assured and the course of democracy imperiled without large-scale injections of Western aid.

I want to remind honourable senators that the people of Albania have courageously voted for freedom, and they stand on the threshold of a new age. They have emerged from a long, dark night. These poor and marginalized people have dared to believe that they can construct a fair society, respectful of laws of which they themselves are the authors. It is difficult to imagine that they could have journeyed all this way only to meet defeat at the hands of the commissars of the new apocalypse.

Yet they will not translate this extraordinary act of will into a lasting democracy without our help, without our parallel commitments to building up the social and economic structures intrinsic to political pluralism. I call upon all Canadians to recognize this extraordinary event in Albania with generous medical, technical and food aid.

THE HONOURABLE JACK MARSHALL

TRIBUTE ON CONTRIBUTION TO CANADIAN VETERANS—ANNOUNCEMENT OF MINISTER OF VETERANS AFFAIRS

Hon. Heath Macquarrie: Honourable senators, I am prompted to rise because of remarks by my island colleague, Senator Bonnell.

I am one of those who have been so impecunious through most of his life that he has usually asked for credit rather than extending it. I took notice of the discussion about where credit should be given. I believe it is quite right to say that our colleague, Senator Marshall, is entitled to great praise and great acclaim at the announcement to which Senator Bonnell and Senator Thériault referred.

[Senator Graham.]

I remember some months ago I was in Charlottetown where DVA is now centered, as it properly should be. Senator David and Senator Bonnell were there with Senator Marshall. As we entered that building, one of the leading members of the bureaucracy of that place said, "Here comes Senator Marshall, the greatest friend the Canadian veterans have." That was the finest accolade and a most deserved one.

I am very proud of the present Minister of Veterans Affairs. I think he is a good and sensitive man in the tradition of the Honourable Dan MacDonald, the Honourable Alf Brooks and the Honourable George Hees, great people who have dealt with that very important and compassionate portfolio. I wish to join in a tribute to Senator Marshall.

NORTH AMERICAN FREE TRADE AGREEMENT

DRAFT REPORT—DISTRIBUTION OF TEXT—GOVERNMENT POSITION

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, yesterday I was finally able to obtain a copy of that elusive draft report on the Mexican trade deal, which I have been requesting for a few days. My colleague, the honourable senator from Prince Edward Island, asked that I table the report, which I did. I have enquired since as to the possibility of having copies made. I am told that if honourable senators wish to have a copy, they can ask the Table for a copy to be produced. I assume that Senator Carney, who had earlier indicated the same interest as I had in this matter, would be one of the first to make such a request, but I am sorry to see she is not in her seat. However, I want honourable senators to know that copies are available from the Table.

NORTHWEST TERRITORIES ACT

BILL TO AMEND—REPORT OF COMMITTEE

Hon. Richard Stanbury, Deputy Chairman of the Standing Senate Committee on Legal and Constitutional Affairs, presented the following report:

Thursday, March 26, 1992

The Standing Senate Committee on Legal and Constitutional Affairs has the honour to present its

NINTH REPORT

Your Committee, to which was referred the Bill C-64, An Act to amend the Northwest Territories Act, has, in obedience to the Order of Reference of Wednesday, March 25, 1992, examined the said Bill and now reports the same without amendment.

Respectfully submitted,

RICHARD J. STANBURY
Deputy Chairman

• (1420)

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

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): May I ask the Honourable Senator Stanbury a question? I was unable to attend the committee. Did the matter of the length of delay arise?

As the honourable senator is aware, we had been asked before to provide extra time and we are doing it once more. Did we receive assurance that this time the delay will be sufficient to get the job done?

Senator Stanbury: Honourable senators, we asked that specific question of the official. He said that the Northwest Territories Council had assured him that they would have it finished. The third volume has yet to be completed. They stated that they would have it completed in June, but the time limit given by this bill is September 30. He said that he had assured himself to the best of his ability that the people of the Northwest Territories believe that that gives them plenty of time. It should be the last time we will deal with it.

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

On motion of Senator Lynch-Staunton, bill placed on the Orders of the Day for third reading at the next sitting of the Senate.

[*Translation*]

GOODS AND SERVICES TAX

PRESENTATION OF PETITIONS

Hon. Jacques Hébert: Honourable senators, I have the honour to present petitions signed by 77 citizens of Ontario who oppose the goods and services tax. These petitions come mainly from Toronto and Scarborough.

I also have the honour to present petitions signed by 86 citizens of New Brunswick who oppose the goods and services tax. These petitions come mainly from Fredericton, Oromocto, Salisbury and Moncton.

[*English*]

That is a total of 157 Canadian citizens who are particularly angry with the government, the first government since Confederation so insensitive in matters of culture as to apply a tax—the GST—on books and periodicals.

We all remember how sad certain senators on the other side were when we debated an amendment to exempt books and periodicals, but they all voted with the government and against culture.

• (1430)

QUESTION PERIOD

TRANSPORT

DRYDEN INQUIRY—RELEASE OF REPORT—GOVERNMENT RESPONSE

Hon. Royce Frith (Leader of the Opposition): Honourable senators, the report of the Honourable Virgil Moshansky, the Commissioner of the inquiry into the 1989 Air Ontario crash at Dryden, Ontario, was made public today. This was an accident which killed 24 people. For those who were concerned about the government's haste to deregulate, there is little joy in having their fears confirmed. The report details how the increased workload for Transport Canada in this new era of deregulation was not matched by a commensurate increase in resources. At page 870 of the report, the commissioner says:

> The resource squeeze stemmed from the almost simultaneous introduction of two federal government policies in 1984, namely Economic Regulatory Reform of the air carrier industry and deficit reduction, a program imposing fiscal restraint on federal government services. The combined effect of these two policies created a difficult set of circumstances for Transport Canada personnel responsible for Air Canada safety.

My first question is: Why did the government, even though warned time after time, do nothing to ensure that Transport Canada had the resources needed to ensure the safety of airline passengers and thereby perhaps avoid the death of these 24?

Hon. Lowell Murray (Leader of the Government): Honourable senators, I do not know whether the honourable the Leader of the Opposition is in his last few words quoting from the report or giving his own interpretation of the report. In any case, as the honourable senator has pointed out, the report of the commission of inquiry headed by Mr. Justice Moshansky was released only this morning by my cabinet colleague the Minister of Transport, Mr. Jean Corbeil. I am not in a position to reply to questions on the report this afternoon. I have asked that a copy of the report be sent to me so that I can table it and that a copy of the statement and commentary made by Mr. Jean Corbeil this morning also be brought here so I can table it for the information of honourable senators.

Senator Frith: Honourable senators, that is reasonable. I have had a chance to look at some parts of it and have had some help with some parts of it from my assistants. Since the Leader of the Government, understandably, I suppose, is taking the question as notice, let me be sure that he understands what some of the other questions are, and he can deal with them all at once.

In my first question I was talking about warnings. I was not just talking about rumours or hearsay, because in 1985 the Nielsen Task Force recommended the immediate "increase in resources devoted to licencing certification and enforcement in the regulation of air safety." At page 62 of the Nielsen Task Force volume entitled "Economic Growth: Transportation"—I

want the record to show these references so that the Leader of the Government can find them quickly—it says:

> Experience in the United States since the beginning of the transition to economic deregulation has shown quite clearly that a greater burden falls to the safety regulator. Even now, this outcome of economic regulatory reform in Canadian air transportation is being felt by Aeronautical Regulatory Services staff. It is evident that an increase in resources is essential to preserve the integrity of the safety system while providing an acceptable level of service to the aircraft manufacturing and the air carrier industries. Failure to attend to these resource needs in a timely fashion is not an acceptable alternative given the nature of the work carried out.

That was in 1985, that warning. Then in 1986 the Douglas report, named after its author, Donald Douglas, warned that deregulation was making the task of ensuring safety, "far more complex than it was prior to 1984." As with the Nielsen report the Douglas report also pointed up the need for increased safety resources. In 1986 the Lafleur memorandum produced by R. S. Lafleur, Director General, Aviation Regulations, warned, and it is cited in the report of the commissioner at page 885:

> I am concerned that due to resource limitation, particularly as a result of staffing freezes, the Aviation Regulation Directorate is not fully able to carry out the regulatory program.
>
> . . . every time a position becomes vacant, the staffing freeze prevents us from staffing it in a timely fashion. As a result, the Program is losing strength rather than gaining it.

Justice Moshansky notes that there was no reply made to this warning. He says at the bottom of page 885:

> The fact that there was no response to the memorandum can only be regarded as a serious omission on the part of senior management in Transport Canada.

I come to the last couple of references I have for the leader to look at. In January 1989, only two months before the Dryden crash, Mr. Neale MacGregor, acting chief, air carrier operations, wrote to the director of flight standards. As cited at page 910, he said:

> As one can see, air carrier inspection is no longer capable of meeting even minimum requirements necessary to ensure safety. In fact, it is no longer able to assure the Minister of the safety of large air carrier commercial air service in Canada.

So the system appears to have broken down. Also, when the honourable senator is consulting his colleagues he might consult his colleague Mr. Mazankowski, because I find in December, 1985, Mr. Mazankowski said:

> I would like to indicate unequivocally that this government will neither propose nor permit any economic regulatory reform that might be detrimental to safety standards. That is the policy of this government.

[Senator Frith.]

But at pages 913 and 914, under Findings, the report of the Commissioner reads:

> Based on the information before the Commission, the Aviation Regulation Directorate was not adequately prepared to perform its functions in the latter 1980s.
>
> The warning flags raised early in the 1980s and repeatedly thereafter had seemingly negligible effect. The forcasts of safety assurance deficiencies were soundly based and progressively confirmed, yet there was no proper response by the senior management of Transport Canada in the form of urgent planning or action to meet the inevitable challenge.
>
> It was known that significant increases in personnel would be required to meet demand, yet such increases were not authorized let alone required . . .
>
> Had the Transport Canada Aviation Regulation Directorate been in a position to discharge all its responsibilities in an effective and timely manner, some of the factors that contributed to the Dryden accident may not have arisen.

I have another quotation but from Mr. Mazankowski. This is from June 6, 1986:

> Some have claimed that transportation safety may be at risk because of our economic regulatory reform initiatives. I want to assure . . . all Hon. Members of the House that safety will not be compromised. My reform proposals deal only with economic regulation.
>
> Our commitment is that we will neither propose nor permit any economic regulatory reform that might be detrimental to safety standards. Safety programs will continue to be strengthened to achieve improved levels of safety in each mode.

That was in 1985. So honourable senators, I think it is not an exaggeration to say that this report is a damning report on the effects of the two points that the commissioner starts out with; that is, deregulation and the restriction of the necessary funds to guarantee safety.

● (1440)

I am obliged to the Leader of the Government in the Senate for undertaking to consider this report and to give us some answers to the questions arising from these citations.

Senator Murray: Honourable senators, I thank the Honourable Leader of the Opposition for placing these points on the record and I assure him that I will do my best to obtain a considered reply from my cabinet colleague, the Minister of Transport.

Let me just complete today's exchange, if I may, by stating for the record that the Canadian aviation system is safe and proven to be so. Significant improvements in the safety record in Canadian aviation have been made over the past decade or so. Indeed, the record will show that in 1991 Canadian-registered aircraft were involved in 35 per cent fewer accidents than 10 years previous.

Senator Frith: I understand the position taken and I am sure we can consider what the Leader of the Government in the Senate has said in light of those citations, as he will in his considered reply.

THE ECONOMY

EFFECT OF GOVERNMENT POLICY ON CHILD BENEFITS

Hon. Lorna Marsden: Honourable senators, earlier this week the Leader of the Government in the Senate tabled a delayed answer to a question that I had asked on the subject of child benefits. The response appears on page 1126 of the *Debates of the Senate*. My question had suggested that low-income families would be no better off in the coming year if the system proposed by the government were put in place.

In his answer the Leader of the Government in the Senate states:

> . . . a family with one child, earning $20,000, can receive as much as $1,733 per year—an increase of 40%.

He refers, as he does every time someone raises a question, to his budget speech. I encourage senators to look on page 1023 of the *Debates of the Senate* to see what was suggested in that speech about child benefits.

Senator Murray stated:

> . . . a low income family with one child can receive as much as $1,520 a year, an increase of almost 50 per cent over the present situation.

Honourable senators, I ask you, on February 28 a family with one child receives $1,520, an increase of 50 percent, and on March 24 a family with one child receives $1,733, an increase of 40 per cent. In effect, the income has gone up by $213 while the percentage increase has declined by 10 per cent.

In my original question, I was referring to an article published by Len Shifrin in *The Toronto Star* in which he states: "But can't Mulroney and Co. ever be honest about anything?" Mr. Shifrin stated that families who now receive $419 per year for a child and a refundable child tax credit of $601 for a total of $1,020 under the new system would receive exactly the same amount: $1,020—$500 or $713 less than the senator's figures.

I realize that one can talk endlessly about numbers and set conditions on them. Although I do wish that Senator Murray would be consistent at least from one month to the next on these numbers, I do not want to quibble. I would rather ask a question: Will the basic benefit per child be $1,023 per year, as Mr. Shifrin says, or will it be one or the other of the numbers that the senator has suggested?

Hon. Lowell Murray (Leader of the Government): Honourable senators, I have not had a chance to analyze the response that was tabled on March 24 from either the Department of Finance or the Department of Health and Welfare in respect of my earlier statements in the discussion of the budget.

I do agree with the honourable senator that on the face of it there appears to be some discrepancy between the figures I tabled earlier and the statistics that are to be found at page 1126 of *Hansard*. I will try to clear up this discrepancy at a very early date and bring in the official figures.

Senator Marsden: Honourable senators, that would be helpful. In the speech of February 28, the Leader of the Government in the Senate stated on the subject of child benefits:

> We are adding another $400 million a year and we are targeting assistance to those who need it most.

Honourable senators, on his part, Mr. Shifrin states:

> And what penchant for disinformation impelled Finance Minister Don Mazankowski to claim "the new system will increase total federal child benefits by $400 million per year"?
>
> It won't.
>
> The old and new systems will overlap in the early months of 1993, when the last of the 1992 tax refund payments and the first of the bigger monthly payments will both be made—just as Canadians head for the polls, it should be noted—so total outlays in those months will be inflated.
>
> But under the new system itself, in all the years thereafter, outlays will only be $300 million higher than now.

Furthermore, of course, it should be pointed out that that extra money is being gained by changing the tax rules so that common-law couples are treated as married.

Will the Leader of the Government in the Senate sort that out? Is it $400 million only because of the tax refunds for 1992, or is it to be $400 million in 1993 and every subsequent foreseeable year?

Senator Murray: Yes, honourable senators.

ENERGY

LEVELS OF FUNDING FOR CONSERVATION PROGRAMS—REQUEST FOR ANSWER

Hon. Colin Kenny: Honourable senators, on October 4, 1990 I placed a question on the Order Paper regarding levels of funding for energy conservation programs. I placed the question on the Order Paper again on September 17, 1991.

Could the Leader of the Government in the Senate please advise me when I am likely to receive an answer to this question and why it is taking so long?

Hon. Lowell Murray (Leader of the Government): Honourable senators, I shall make inquiries.

TRANSPORT

DRYDEN INQUIRY—TABLING OF REPORT

Hon. Lowell Murray (Leader of the Government): Honourable senators, while I am on my feet, may I table the four volumes of the report of the Commission of Inquiry into the Air Ontario crash at Dryden, Ontario and at the same time table the statement by Transport Minister Jean Corbeil and a document entitled "Government of Canada Initial Response to

the Commission of Inquiry into the Air Ontario crash at Dryden, Ontario" in both official languages.

VETERANS AFFAIRS

VIMY—CEREMONY AT CANADIAN MEMORIAL

Hon. Dalia Wood: Honourable senators, I have a question for the Leader of the Government in the Senate. I have had several inquiries regarding a ceremony which will take place on April 9 at the Canadian Memorial at Vimy for the 50th anniversary of the raid across the English Channel which involved 5,000 Canadian troops.

Who are the 12 Canadian veterans who will attend this ceremony and how were they chosen?

Hon. Lowell Murray (Leader of the Government): I shall make inquiries, honourable senators. I would suggest that is the kind of detailed information that is best sought by way of a written question.

Senator Wood: I thought this might be a faster way of getting an answer.

JUSTICE

CANCELLATION OF COURT CHALLENGES PROGRAM—GOVERNMENT POSITION—REQUEST FOR ANSWER

Hon. Dalia Wood: Honourable senators, I asked a question on March 19 with regard to the Court Challenges Program. I wonder if the Leader of the Government in the Senate had an answer to that question yet.

There are 377 cases still pending and we do not know how they will be funded.

Hon. Lowell Murray (Leader of the Government): I am virtually certain that we tabled a reply under delayed answers to the question of the honourable senator concerning the Court Challenges Program. In any case, I know that I saw the reply. I am virtually certain that it was tabled and if it has not been, it should be tabled very soon.

[*Translation*]

EASTERN CANADA

HIGHWAY CONSTRUCTION—FEDERAL FUNDING—GOVERNMENT POLICY

Hon. Eymard G. Corbin: Honourable senators, my question is for the Leader of the Government in the Senate.

He heard what I said at the beginning of the sitting on the economic conference in Toronto. One result of this conference is a commitment from the Prime Minister for a federal contribution to repair and build certain roads in Eastern Canada, the Maritime provinces and Quebec.

Can the Leader of the Government in the Senate give us more details? For example, has a timetable been set for the federal contribution? Also, how much would it be in all and over how many years would it be spread? What details can he give us today beyond the meagre report we were able to read in some newspapers?

Hon. Lowell Murray (Leader of the Government): Honourable senators, I must admit that the first ministers' press release issued yesterday is not very detailed.

I will quote some sentences that concern this question of infrastructure:

• (1450)

[*English*]

> First Ministers agreed that investing in infrastructure to create short- and long-term economic benefits is a priority for Canada. They also recognized the central role that infrastructure can play in unifying the country. They agreed to give priority consideration to the proposals for a national highway system and directed their ministers of transport in consultation with their ministers of finance to explore ways of proceeding in the near future. This work should include examination of funding issues and implementation priorities consistent with fiscal constraints.

[*Translation*]

Honourable senators, I am trying to see now whether the Prime Minister said anything more about it.

He simply said:

[*English*]

> Consensus area achieved by the first ministers includes the reduction of interprovincial trade barriers, infrastructure spending, the need for a better cross-border tax collection system.

[*Translation*]

On that, Gérard D. Lévesque, Quebec's Minister of Finance, said that he was satisfied with the federal commitment and he added that Quebec had projects ready to go ahead without delay.

Senator Corbin: Honourable senators, I have a supplementary question for the Leader of the Government in the Senate.

Will the funds be released starting this year? I have in front of me, for example, the report by Chantal Hébert, *Le Devoir*'s special envoy. She writes:

> . . . Prime Minister Brian Mulroney announced that Ottawa would draw on some of its existing funds for a road repair program.

That leads me to believe that such funds exist, for the current fiscal year or the one about to begin. Thus I take it for granted that the work could begin this summer. Am I right to draw that conclusion?

Senator Murray: Honourable senators, unfortunately, I do not have any information on this question.

I repeat that in their communiqué, the first ministers undertook to look into what they call "funding issues and implementation of priorities consistent with fiscal constraints".

I will be pleased to consult the Prime Minister or even my colleague the Minister of Finance to see if he has more information on this question.

[*English*]

NORTH AMERICAN FREE TRADE AGREEMENT

DRAFT REPORT—DISTRIBUTION OF TEXT—GOVERNMENT POSITION

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, I have a number of questions regarding the Mexican-U.S.-Canadian trade deal. Before I proceed, I want to remind honourable senator, who may not have been in the chamber when I spoke about the draft report, that copies of the draft report which I deposited yesterday are available by requesting them from the Table of the Senate.

My first question is whether the Minister has been able to find out to whom the draft copies went previously? We know that Premier Filmon has one, but then yesterday I heard on the air that Premiers Rae and Romanow were saying that they had not been participating in it and it was important that the provinces do. Are we to conclude that they did not get a draft report?

Hon. Lowell Murray (Leader of the Government): Honourable senators, I regret that I do not have a full reply to that question. I will attempt to find out whether the document to which the honourable senator refers has indeed been sent to provincial premiers or anyone else.

As I indicated the other day, I am aware that briefings had been made available to members of Parliament in the House of Commons and that there had been discussions at both the official and political level with provinces and discussions as well with trade advisory committees in the private sector. I will attempt to find out whether that document to which the honourable senator refers has, in fact, been shared with anybody, and, if so, with whom.

I think I should also add, since the honourable senator referred to his question of yesterday and the document which he tabled, that there was a document completed at the end of December containing the positions of the three countries. That, as I said yesterday, is why so much of it is in square brackets. Those portions that are in square brackets are matters that are not agreed and are still being negotiated.

As I also said, that document has been under almost continuous change ever since December. It is an evolving document. The honourable senator can attach whatever importance to it that he wishes, but I think that clarification should be placed on the record.

PROVISION OF ADJUSTMENT ASSISTANCE—GOVERNMENT POSITION

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): I have a further question on the same proposed agreement. Will there be any provision for adjustment assistance? One will recall that, at the time of the discussion of the FDA, there had been promises by the government that there would be generous adjustment provisions for those industries and those workers who were going to be harmed by the FDA.

Subsequently, Mr. de Grandpré, I believe, headed an inquiry or a study for the government on the subject; he concluded by saying that nothing could be done or nothing needed to be done. It was just beyond the capacity of government to do anything because apparently they would not be able to find out who was going to be hurt. That is what he said.

In the case of the Mexican deal, it appears that there are some studies that indicate some specific areas will be hurt. Will there be adjustment programs?

Hon. Lowell Murray (Leader of the Government): Honourable senators, to be fair to Mr. de Grandpré, I believe what he said—and indeed, he said it before a Senate committee as I recall—was that no new programs were necessary, that the existing programs in Employment and Immigration, the existing programs in Industry, Science and Technology, and the various departments that are concerned with industrial adjustment and with the adaptation and training of the work force, were sufficiently broad to be applied to almost any needs or any eventuality in the period following the signature of the free trade agreement. That is what he said.

● (1500)

As I stated yesterday, there is really no comparison between our trade with Mexico and our trade with the United States. I think that Mr. de Grandpré's statement about the existing programs, which have been added to and amplified since that time, would hold true in the present case.

Senator Molgat: Prior to the signing of the FTA, the government had specifically promised there would be adjustment programs. Certainly the workers of Canada expected that there would be adjustment programs. That was what had been said to them prior to the signing of the agreement. Was the government unaware of these other programs which the minister says fill the gap? Why, then, did they promise there would be adjustment programs?

Senator Murray: Honourable senators, there are and have been adjustment programs, and a lot more money has been invested by this government into training and retraining programs. The honourable senator must be aware of the Labour Force Development Strategy that has been implemented in close cooperation with the private sector, and which has as its goal the training and retraining of Canadian workers to take advantage of opportunities and to respond to the demands of a more competitive world economy.

Senator Molgat: My honourable friend cannot be talking to Canadian workers, because if he did he would find that the adjustment that they found is mainly an increase in Unemployment Insurance premiums and a decrease in unemployment coverage. That is really what the workers have found.

RELATIONSHIP OF PRESENT FREE TRADE AGREEMENT TO PROPOSED TRILATERAL AGREEMENT

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, continuing on with respect to the Mexican arrangement, if that arrangement proceeds will it then supersede the FTA? Will the FTA continue as an agreement

on its own and this arrangement be another separate agreement on top?

The Hon. the Speaker: Honourable senators, before the Leader of the Government answers, I must advise honourable senators that Question Period has now been proceeding for more than 30 minutes.

Hon. Lowell Murray (Leader of the Government): Honourable senators, a trilateral agreement, if signed, does not supersede the FTA. The FTA is in place, and any change to the FTA would require the consent of both Canada and the United States. We would not agree to any change in the FTA except one that demonstrably improves the situation from Canada's point of view.

Hon. Stanley Haidasz: I have a supplementary question, honourable senators. Can the Leader of the Government in the Senate tell us whether NAFTA talks—

The Hon. the Speaker: Senator Haidasz, order please.

Senator Haidasz: —have anything to do with cuts to medical insurance services to the sick people in Canada? That is important. Would he kindly answer it?

The Hon. The Speaker: I have advised honourable senators that the time is up on Question Period.

DELAYED ANSWERS TO ORAL QUESTIONS

Hon. John Lynch-Staunton (Deputy Leader of the Government): I have responses to questions asked on December 9 by Senator Bonnell regarding mail service in P.E.I; by Senator Molgat on March 18 regarding the Canadian Wheat Board; on the same day, by Senator Marsden regarding the Western Sahara; and a questions asked March 25 by Senator Simard regarding the resolution of conflict, Stone Consolidated Paper.

CANADA POST

PRINCE EDWARD ISLAND—PROCESSING OF MAIL IN HALIFAX

(Response to question raised by Hon. Lorne Bonnell on December 9, 1991)

Canada Post is proceeding with its business plan to provide more efficient postal service to Prince Edward Island residents. This will be achieved by: consolidating a new combined mail processing and letter carrier depot facility (DCF/LCD) in the Charlottetown area; maintaining a corporate retail outlet (CRO) in the downtown core; and implementing the Process Rationalization Program in P.E.I.

As part of the Process Rationalization Program, local "on island" P.E.I. mail processing will be carried out in Charlottetown. All P.E.I. forward lettermail will be processed in Halifax; parcels and bulk mail will be sorted in Moncton. To ensure mail is efficiently collected and forwarded immediately to the appropriate processing facility, twin-boxes will be introduced in the urban communities of Summerside and Charlottetown. Situated side-by-side, the twin Street Letter Boxes (SLB's) will be clearly marked to ensure on-Island (local) and off-Island forward mail is deposited in the correct SLB. This program will allow Canada Post to improve the efficiency of mail processing and collection and delivery activities in Charlottetown, Summerside and throughout P.E.I. (local "on-island" mail), as well as for forward "off-Island" mail.

However, this rationalization of P.E.I. processing does not preclude the possibility of the provincial postmark appearing on "off-Island" mail. Mail entering the system outside of the Charlottetown and Summerside centres will be processed locally and thus bear the P.E.I. postmark.

The Process Rationalization Program was successfully introduced to many other communities in 1990 and has played an important role in improved operational efficiency and delivery standards in those areas. Service standards will be maintained.

CANADIAN WHEAT BOARD

MARKETING OF GRAIN—GOVERNMENT POLICY

(Response to question raised by Hon. Gildas Molgat on March 18, 1992)

The Canadian Wheat Board (CWB) and the Canadian Grain Commission (CGC) recently announced a program which should result in reduced costs to producers on shipments of CWB grain for export by truck. Under the program, wheat and barley will be included in the CWB's pool account without physically entering the country elevator system. Elimination of the truck unloading and reloading requirement will enable grain companies to offer lower service costs to producers.

There will be certain requirements, however, related to the weighing, grading and documentation of the transaction. Producers should contact their elevator agents to negotiate a price for services to be rendered. The elevator company, in turn, will notify the CGC of the charges. Producers must also submit a representative sample of the delivery to the CGC. In addition, producers must still obtain an export permit from the CWB and pay the difference between the initial payment and the export price to the CWB. The delivery will also be subject to quota.

Wheat and barley sold by producers into the United States by truck must still be marketed through the CWB. The changes do not affect the CWB's authority for export marketing of wheat and barley to all destinations including the United States.

WESTERN SAHARA

IMPLEMENTATION OF PROPOSED PEACE PLAN—CANADIAN PARTICIPATION—REQUEST FOR UPDATE

(Response to question raised by Hon. Lorna Marsden on March 18, 1992)

MINURSO was established to monitor the cease-fire of September 6, 1991 agreed between the Polisario and Moroccan forces in Western Sahara and to organize, conduct and proclaim a referendum on the future of the territory scheduled for January, 1992.

While remaining dedicated to the process, from the beginning the parties to the conflict have had serious disagreement over the criteria for eligibility to vote in the referendum.

The disagreement has stalled the Referendum process. The U.N. Secretary General reported to the Security Council on February 28 that he is making a renewed effort to resolve all outstanding issues that block implementation of the plan. The Secretary General on March 24, appointed a former Pakistani Foreign Minister as his new special representative for Western Sahara. He is giving this effort until the end of May when he will review the situation if an agreement has not been reached.

The disagreement has also delayed the provision of full logistical support to the military personnel who are monitoring the cease-fire under very trying conditions.

These difficult conditions, and the reasons they had to be endured, have been well known to the UN and to the military personnel involved. The UN has improved the logistical situation.

In his report, the Secretary General pays tribute to the contribution made by the peacekeepers in maintaining the cease-fire over the past six months under conditions which, he states, tested to the limit their discipline and commitment to the cause of peace in the service of the U.N.

This is a testimony to the professionalism of the 34 Canadian Forces personnel involved in the mission and to the leadership of the Canadian General Officer who is commanding the military component of the mission.

[*Translation*]

STONE CONSOLIDATED PAPER

RESOLUTION OF CONFLICT

(Response to question raised by Hon. Jean-Maurice Simard on March 25, 1992)

The federal government's decision not to provide financial assistance to non-competitive plants was maintained with respect to the agreement concluded on March 23, 1992, at Stone Consolidated Inc.

[*English*]

CANADIAN BROADCASTING CORPORATION

DELAYED COVERAGE OF CONSTITUTIONAL DEBATE—RESPONSIBILITY TO PUBLIC—GOVERNMENT POSITION—REQUEST FOR ANSWER

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, I have a question with regard to delayed answers to questions. On December 17, 1991, I presented a written question regarding the coverage by CBC Newsworld of the William Kennedy Smith rape trial and the coverage of the Special Joint Committee on a Renewed Canada. That was on December 17.

I can appreciate that perhaps Radio Canada is not anxious to answer the question, but surely it is one that they could have answered in those intervening months. The question is not that complicated.

Hon. M. Lorne Bonnell: Today it is the Tyson rape case.

Hon. Lowell Murray (Leader of the Government): Honourable senators, I will make enquiries about that matter. I would be quite interested to see the replies to the question myself.

CANADA ASSISTANCE PLAN

BILL TO AMEND—THIRD READING—MOTION TO INVOKE PROVISIONS OF RULE 40—POINT OF ORDER—SPEAKER'S RULING DEFERRED

Hon. John Lynch-Staunton, pursuant to notice of Wednesday, March 25, 1992 moved:

> That, pursuant to the provisions of Rule 40, in relation to Bill C-32, An Act to amend the Canadian Assistance Plan, not more than six further hours of debate be allotted to the consideration of the said bill at the third reading stage;
>
> That, when the debate comes to an end or when the time provided for the debate has expired, as the case may be, the Speaker shall interrupt, if required, any proceedings then before the Senate and put forthwith and successively every question necessary to dispose of the remaining stages of the said bill; and
>
> That, any recorded vote on the said questions shall be taken in accordance with the provisions of Rule 40(4).

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

Hon. Royce Frith (Leader of the Opposition): Honourable senators, on a point of order, I submit that this motion is irregular and therefore not receivable. By its terms, it proposes to move:

> That, pursuant to the provisions of Rule 40, in relation to Bill C-32, An Act to amend the Canadian Assistance Plan, not more than six further hours of debate—

These words are important.

> —not more than six further hours of debate be allotted to the consideration of the said bill at the third reading stage.

Now, if we look at Rule 40, it reads as follows:

> 40. (1) At any time while the Senate is sitting, the Leader of the Government in the Senate or the Deputy Leader of the Government in the Senate, from his or her place in the Senate, may state that the representatives of the parties have failed to agree to allocate a specified number of days or hours for consideration of any stage of consideration of

any adjourned debate on any item of government business.

Senator Lynch-Staunton did that yesterday.

If so, at that time the said Leader or Deputy Leader may give notice of the terms of a motion to allocate a specified number of hours or days of debate on the said stage of consideration of the said item. Such motion shall be placed on the Orders of the Day under "Government Motions" for the next sitting day.

(2) In the event of a motion being moved pursuant to section (1) of this rule, the motion shall provide for at least:

(a) a further six-hours debate on any substantive motion, except as provided below;

(b) a further six-hours debate on a motion for second reading of a public bill;

(c) one calendar day (in the period Monday to Friday) for a standing or special committee or a Committee of the Whole to report a bill back to the Senate, failing which, at midnight on that day, the bill would be deemed to have been reported back without amendment; or

And this is important:

(d) a single period of a further six-hours debate, in total, to dispose of both the report and the third reading stages of a public bill.

It is quite clear that this motion is given under rule 40(2)(a), because the words that are in 40(2)(a) are a further six-hours debate—not "at least a further six-hours debate"—on any substantive motion, except as provided below. Notice the words are "a further six-hours debate." That is what the rules provide for when closure is being applied to a substantive motion. The motion in Bill C-32 is not a substantive motion. Rule 4(27) states as follows:

● (1510)

"substantive motion" means an independent motion neither incidental to nor relating to a proceeding or order of the day already before the Senate;

Obviously, the drafters of the closure provisions in the rules were aware of what they were doing, because they made a separate provision for closure of "a further six-hours debate". I ask honourable senators to note that it is not ". . . a single period of a further six-hours debate, in total . . .", as rule 40(2)(d) provides, but simply "a further six-hours debate on any substantive motion . . ."

This motion uses the provisions of closure to apply to a substantive motion under the rules, and improperly exercises that authority under the rules to give notice of a motion, or to move closure on the third reading stage of a public bill.

If it wanted to achieve its apparent purpose, the motion ought to have read, "That, pursuant to the provisions of rule 40, in relation to Bill C-32, an act to amend the Canada Assistance Plan, a single period of a further six-hours debate . . ." It does not so state. The Speaker will not know what period of time is allocated. Is it a debate of six hours or a single period? There must be some reason for using different wording.

Because this motion is, therefore, irregular, trying to exercise authority under the rules to do one thing, when it is trying to do something else, it is not receivable. Pursuant to the rules, it is not amendable and therefore ought to be ruled by the Speaker as inadmissible.

If the government wants to slap closure on Bill C-32, it should get it right. It will have to give notice of another motion.

I ask for a ruling on this point of order.

Hon. Lowell Murray (Leader of the Government): Honourable senators, it is rather difficult to follow the ingenious reasoning of the honourable senator.

Senator Frith: Oh, you are bright enough for that, I think.

Senator Murray: I simply wish to invite the attention, first, of Your Honour to rule 40(2)(d). I contend that the motion, which provides for not more than six hours of debate for the rest of the third reading debate on Bill C-32, falls squarely within that provision.

Senator Frith: And you didn't use it.

Senator Murray: It falls squarely within that provision.

Senator Frith: It does not. It does not state "a single period".

Senator Murray: I am not sure whether the honourable senator is trying to argue that, because the report stage and the third reading stage are mentioned in rule 40(2)(d), the motion should have been brought forward at the report stage—

Senator Frith: No.

Senator Murray: Or whether he is arguing—

Senator Frith: You should have used that wording.

Senator Murray: —that the wording of the motion does not include the words, "a single period". I do not see for a moment what difference it makes in terms of what is the intent of this motion.

Senator Frith: Because you can have six hours of debate that are not in "a single period". That is why. The rules state that.

Senator Murray: Honourable senators, the fact of the matter is that the rules under this order provide that the six hours must be debated in a single period.

I do not see for a moment what difference it makes that the three words, "a single period", are not included in the motion that the Deputy Leader of the Government has put forward. The motion that he has put forward provides, in conformity with rule 40(2)(d), that, indeed, a further six hours—no more than six hours—be devoted at third reading of Bill C-32.

I would ask Your Honour to take this matter under advisement and to rule that Senator Frith's point of order is not in order.

Senator Frith: Honourable senators, I am happy to be able to say that the Leader of the Government is right. He did find it difficult to understand the point.

However, the Speaker will have an opportunity to read his observations and mine, and we will hear from him on it, I am sure.

The Hon. the Speaker: Honourable senators, I have a suggestion. Perhaps I can consult for 15 minutes and have the Speaker *pro tempore* continue with the Orders of the Day and come back to make a ruling right away. Is it agreed?

Senator Frith: If the Speaker thinks that there is only 15-minutes' worth of consideration in it, that might give us an idea as to whether he has followed the point or not. Let us have 15 minutes to try to figure it out.

The Hon. the Speaker: If I need more time, honourable senators, I will take more time. I am simply suggesting 15 minutes.

Senator Murray: Let me draw Your Honour's attention to the provision I was looking for earlier. It is rule 40(5), which makes it clear that whether the words "a single period" are in the motion for time allocation or not, it is a single period that is envisioned by this rule. The rule states:

> (5) When an Order of the Day has been called, to which a specified period of time has been allocated for its consideration, and is under consideration:
>
> (a) at the ordinary daily hour of adjournment, the Senate shall not adjourn but shall continue consideration of the said Order of the Day until the debate has concluded or the time provided for the debate has expired, whereupon the Speaker shall proceed to put the question or questions;
>
> (c) when the Senate would otherwise take its dinner hour interruption in accordance with the provisions of rule 13, the sitting shall not be interrupted until the debate is concluded, or the time provided for the consideration of the Order of the Day has expired, whereupon the Speaker shall put the question or questions necessary to dispose of the Order of the Day;
>
> (d) whenever the question has been put pursuant to the provisions of sub-paragraph (c) above, any standing vote requested in relation thereto shall be taken in accordance with the provisions of rule 67;

● (1520)

Honourable senators, if you take all of the provisions relating to an Order of the Day in respect of which an allocation of time order has been passed by the Senate, it is very clear that that debate must proceed without interruption in a single period of time. So it is hardly necessary, indeed it would be superfluous, to add the words "a single period of six hours". The debate must take place in a single chunk, if I may put it that way, of six hours. That is clearly what the rules as a whole state.

Senator Frith: Honourable senators, I do hope that the Speaker will listen to what Senator Murray has said and will indeed read those two extra sections to which he has referred, and will note that they do not answer the point. They answer the question of any interruption that takes place under any of those subheadings.

I also question the point made by Senator Murray, namely, that the words, "a single period", are superfluous. If they are superfluous why were they put in (d) and not in the other paragraphs? The Speaker will know, I am sure, that when interpreting any provision, rules of interpretation require that it be read with a view to giving meaning to words that are added or included.

Senator Murray's point is, to use his own words, that those words in (d) are superfluous and that they ought not to affect the interpretation of the paragraph simply because they are not in the other subsections. If they are superfluous, then of course you are reading them out of the section. Why were they put in if they are not to be given a separate and special meaning?

Senator Murray: Honourable senators, let me try to answer the question about why the words "a single period" are in (d). The words "a single period" are in (d) because (d) relates to two stages, being the report stage and the third reading stage, and therefore the words "a single period of six hours" refer to a time allocation which would cover those two stages of the debate. But I leave it in the hands of Your Honour and your advisors.

The Hon. the Speaker: Honourable senators, the speaker *pro tempore* will take over and I will consult and try to come back with a ruling as soon as possible.

[*Translation*]

CANADA ENVIRONMENTAL ASSESSMENT BILL

SECOND READING—DEBATE ADJOURNED

Hon. Gerald R. Ottenheimer moved the second reading of Bill C-13, an Act to establish a federal environmental assessment process.

Honourable senators, today I have the honour to introduce in the Senate a bill that is extremely important for the environment in this country: the *Canadian Environmental Assessment Act*.

This legislation has been eagerly sought and, to a very substantial extent, by Canadians. What we have before us today is the result of some four years of labour by Canadians from coast to coast to coast. The bill has been subject to and has benefited from three separate rounds of public consultation.

The bill is a direct response to the needs expressed by those who attended these consultations to voice their opinions.

The implementation of this bill will mark a new approach to the way the government makes decisions and assesses those decisions. The provisions of this bill will affect more than 80 federal departments and agencies, the residents and governments of each province and territory, aboriginal people and their communities, and proponents.

The bill, which revamps the Canadian environmental assessment review process, will have an impact on virtually every Canadian whose life and environment might be altered for better or for worse by any development project. It will give them the opportunity and the forum in which to voice their concerns with respect to such development.

The bill will bring increased efficiency, more consistency and more cost effectiveness to the way we evaluate the environmental consequences of economic development. It will make environmental factors equal partners with social and economic concerns. Before I explain the provisions of this Act, I would just like to take a moment or so to discuss the historical context.

[*English*]

The history of the Canadian environmental assessment process is relatively short. It was in 1973 that environmental assessments of federal projects were formalized by a cabinet decision. This decision was followed and reinforced by several cabinet directives during the 1970s.

In 1984, an Environmental Assessment and Review Process Guidelines Order in Council established the regime under which we today study the environmental effects of proposed projects. This Order in Council was originally intended as a guideline. Nonetheless, as a result of several court decisions, that guideline became a law of general application.

One unintended result of these court decisions was to breed uncertainty into the environmental assessment review process itself. Uncertainty is a commodity we cannot afford. It can, if left unchecked, cause credibility to decay, and like any quasi-judicial process, an environmental assessment process must be credible, and it must also be seen to be credible, if it is to be effective.

That is why the government was pleased to have matters resolved, as they were so recently, in the Supreme Court of Canada ruling regarding the Oldman River project. That decision by our highest court provides welcome clarification of federal jurisdiction over the environment. The court recognized the national government's constitutional right and its responsibility to conduct environmental assessments as part and parcel of its decision-making process. The court also recognized that responsibility, for the environment is shared between federal and provincial governments. Its ruling will help clarify the respective role of each jurisdiction.

In so finding, the court has helped to reduce uncertainty and to promote a cooperative approach between and among the jurisdictions involved, the same approach of cooperation and participation which underlies this legislation.

Bill C-13 will put in place new procedures and improved methods which directly address the defects described by the court.

● (1530)

It was in recognition of the shortcomings in the EARP, as the environmental assessment review process became known, that the federal government took steps to begin reforming the review process.

[Senator Ottenheimer]

In 1987, the then Minister of the Environment released a discussion paper, "Reforming Environmental Assessment". The release of the Green Paper was coincidental with the release of the report of the World Commission on Environment and Development which, among other things, called for a strengthening of environmental assessment procedures at all levels of government.

Public comment and recommendations from three rounds of consultations have been incorporated into the bill. Beyond these three public opportunities for comment, in an unusual step, before being passed in the other place, the final version was poured over by lawyers from the Canadian Environmental Network.

The bill before us now is a synthesis of the knowledge, experience and expertise of as broad a spectrum of environmentally knowledgeable and sensitive Canadians as one could hope to find.

I can also inform honourable senators that this legislation describes an environmental assessment process which is kilometers ahead of the status quo.

[*Translation*]

If the current environmental assessment procedures can be characterized as uncertain and unclear, then the proposed reforms must be described as definite and precise. What is before us today is modern legislation intended for a modern world.

We have before us legislation which provides a strong foundation for environmental assessment procedures for the 90s and indeed for beyond. It will do this by ensuring that the adverse environmental effects of a project under study are identified, evaluated and addressed early in the planning stages before decisions are irrevocably cast.

It would do so by strengthening public participation in the assessment process and by providing the opportunity to and encouraging those who may be affected by a proposal to influence federal government decisions about it.

Furthermore, for the first time in the history of the federal environmental assessment process, legislation will provide two options for public scrutiny of major projects. As part of the new process, mediation will be suggested as a new option, while public scrutiny by a commission will remain as the other option.

When implemented, the new *Canadian Environmental Assessment Act* will give substance to the principles of sustained development. It will ensure that environmental factors are studied as diligently as economic and social considerations.

[*English*]

The new environmental assessment procedures will encourage the federal government to make decisions that integrate environmental and economic considerations and that move us closer to our stated goal of achieving sustainable development.

This bill talks in terms of "integrating" environmental and economic factors rather than balancing them. I believe that this more positive definition of sustainable development will

result in assessments that are based on more modern environmental principles.

The bill clearly indicates that all environmental assessments must include consideration of a number of important factors. These include the environmental cumulative effects of a project and their significance, as well as measures to mitigate potential problems. Notably, public comments must also be considered.

This bill also makes clear that some projects—those likely to have significant adverse environmental effects—will be subject to broader and more in-depth studies. The assessment process will focus on those activities which warrant closer scrutiny while avoiding unnecessary or frivolous examinations.

Furthermore, the Canadian Environmental Assessment Act will require project proponents to develop and implement followup and monitoring plans. This will ensure that any mitigating measures are effective.

The bill describes a process that is effective, efficient and comprehensive in scope.

Native concerns will also be accommodated in this act. The government has included both "traditional aboriginal uses of the land" and also "heritage resources" under the definition of "environmental effect" in assessing projects.

During the course of the three rounds of consultation, some participants suggested that the discretionary language in the act was an attempt by the government to court-proof this legislation. Nothing could have been further from the truth. Nonetheless, as a result of this concern, the government has removed as much of the discretionary language as possible.

As well, the government has defined "mitigation" as a "substantial reduction" or "effective control" of the environmental effects of a project. This, too, was in response to concerns expressed in public consultation.

The use of the term "significant environmental effect" throughout the bill is also in response to concerns expressed in public consultation.

In the United Nations Convention on Environmental Impact Assessment in a Transboundary Context, "significant" is the sole threshold level, the operative word. Canada is a party to the Convention, and the government hopes to ratify it in the near future.

Another issue which was raised in the course of the consultations was the absence in this legislation of "the need for" and "alternatives to" projects. The bill gives the Minister of the Environment the power to include in an assessment these and any other appropriate factors.

Furthermore, the government has included in this bill guidelines for the selection and appointment of mediators and review panels. This amendment responds directly to those environmental and industry groups and associations who underline the need for stated criteria to ensure high standards for mediation and panel reviews. The bill sets out those standards.

As a result, we have before us today, in my opinion, legislation which will give this country an environmental assessment process that speaks to the expressed needs of Canadians.

I thank honourable senators for their attention. I am sure this bill will receive interesting and informative debate in this chamber, and I look forward to participating in the examination which it will be given in the Standing Senate Committee on Energy, the Environment and Natural Resources.

Some Hon. Senators: Hear, hear!

Hon. Colin Kenny: I wish to adjourn this debate in my name until Wednesday next, as per the agreement we have had, but I would want it understood that if any senators speak now, or between now and then, I will still have up to 45 minutes when I speak next Wednesday.

Hon. Philippe Deane Gigantès: I should like to ask the honourable senator a couple of questions.

Hon. Pat Carney: The Speaker recognized me.

Senator Gigantès: The debate is adjourned, but he is prepared to let other people speak.

Senator Carney: Honourable senators, I am pleased to speak during the debate on Bill C-13, the Canadian Environmental Assessment Act. In the time allotted to me today, I would like to address—

The Hon. the Speaker *pro tempore:* Honourable senators, now that the debate has been adjourned, is there an agreement so that Senator Carney can speak?

Senator Gigantès: So that I can speak. I stood up before she did. I stood up first.

Senator Carney: I did.

Hon. Royce Frith (Leader of the Opposition): Honourable senators, I do not think we need to have any dispute here, because we will hear from both of you.

Senator Carney: I was on my feet first.

Senator Frith: I understand that. There is no desire not to hear Senator Carney. I want to hear from Senator Carney.

Senator Gigantès: So do I.

Senator Frith: Once it was determined that he had not adjourned the debate—

Senator Roblin: Has he or has he not?

Senator Frith: —Senator Gigantès wanted to ask the sponsor a question, which is normally what happens before somebody else speaks. In other words, it is just a normal sequence to ask the previous speaker questions and then someone else speaks.

Senator Carney: But the invitation was to speak on the bill, and I rose on that point.

Senator Gigantès: But I wanted to ask a question before you—

Senator Carney: Possibly you could ask your question after, since I responded to the invitation to speak on this issue.

The Hon. the Speaker *pro tempore:* Senator Carney was on her feet before Senator Gigantès.

Senator Frith: Yes, but at that point, you had adjourned the debate.

Senator Gigantès: Honourable senators, the practice has always been—

Senator Carney: To recognize those on their feet first.

Senator Gigantès: —to ask questions before speeches, questions of clarification.

Senator Carney: Mr. Speaker, you have recognized me. May I continue this debate?

The Hon. the Speaker *pro tempore:* You have the floor.

Senator Carney: Honourable senators, in the time allotted to me today, I wish to address an issue that has received much attention in recent days, although obviously not in this chamber, and indeed an issue central to this bill. I am referring to the issue of cooperation.

● (1540)

Honourable senators, I believe that cooperation on environmental matters, especially on environmental assessment, is absolutely imperative. I say this because of the interrelated nature of the natural environment itself.

Honourable colleagues, the lack of attention given this important bill by my colleagues should be a matter of public record. As I started to say, colleagues, in my private life as a socioeconomic consultant, I had the opportunity many years ago to notice the quarrelling that went on between environmentalists themselves, where the mammals people did not agree with the fish people, who did not agree with the vegetation people. It is important to notice, too, that the interrelated nature of the natural environment is now recognized.

To illustrate my point, I should like to quote from "Our Common Future", the landmark report of the World Commission on Environment Development, which was referred to by my colleague, the senator from Newfoundland. It states:

> Ecological interactions do not respect the boundaries of individual ownership and political jurisdiction.

Nothing could be closer to the truth. Governments and geographers draw lines on maps but wind, water, fish and birds ignore them. In turn, pollutants respect no borders, often travelling great distances and degrading our air, water and land, and often far away from the source of contamination.

One example that we can consider is how traces of toxaphene, a pesticide that has never been used in the Arctic and scarcely used at all in Canada, have been found at Alert on the tip of Ellesmere Island in our so-called pristine north. In fact, toxaphene was primarily used in cotton fields in the southern United States.

We can see that the need for cooperation on environmental matters is important, given that responsibility for our often complex environmental problems lies with many levels of government—federal, provincial and territorial. This shared nature of environmental jurisdiction makes cooperation vital if we are to achieve a sustainable future for all Canadians.

I am pleased to inform the honourable senators that the bill before us today facilitates and enhances continued cooperation in partnerships on the environment that will help foster the spirit of cooperation and help Canadians to anticipate and prevent environmental problems before they occur. It is important that we note that the *Canadian Environmental Assessment Act* is consistent with a set of cooperative principles for environmental assessment which was developed by the Canadian Council of Ministers of the Environment. These cooperative principles suggest a variety of ways to promote cooperation on environmental assessment. Bill C-13 provides mechanisms for such cooperation at each and every stage of the environmental assessment process.

At this point we should read into the record a quote from the communiqué by the Canadian Council of Ministers of the Environment who met at Globe '92 in Vancouver. I am quoting from the section called "Environmental Assessment". It states:

> Ministers noted that Bill C-13 is now in third reading . . .

—it is now before this chamber, senators. The communiqué goes on to state:

> . . . and stated that the focus should be on negotiating bilateral federal-provincial agreements as soon as possible to ensure effective joint environmental assessment procedures. Such agreements would also help eliminate duplication of assessments.

The act promotes cooperation with other jurisdictions in screening the environmental effects of a project and in conducting more in-depth, comprehensive studies. Such early consultations with other jurisdictions is particularly important in determining the extent and scope of environmental assessment because working together to screen a project means only having to do it once. That is very important in the bill before us.

Second, the *Canadian Environmental Assessment Act* provides for cooperation in the actual review process for a project proposal. These cooperative provisions are essential because, as my honourable friends are well aware, proposed projects can often involve more than one jurisdiction and, as such, cannot proceed until decisions are made by several parties.

For example, a project may be regulated or licensed by more than one federal department or agency—there are something like 80 agencies involved in the preparation of this act—and therefore require approvals from each federal authority. In addition, a provincial government, a foreign state or municipality can also have jurisdictional interest in a project.

As such, in some cases another jurisdiction may have responsibility to undertake a federal review of the project. This other jurisdiction could be a federal department or agency, a federal regulatory authority, a provincial government, a body set up under a comprehensive land agreement, a government of

a foreign state or an international organization of states. In these cases, the *Canadian Environment Assessment Act* allows for the establishment of joint panel reviews with other jurisdictions. Such a measure, senators will realize, avoids duplication and potentially reduces costs and saves time, which is important in environmental assessments.

Joint processes will not compromise federal standards. To ensure that joint process is consistent with the federal process, the federal minister responsible for making a decision on the projects must appoint the panel chairperson or co-chairpersons and at least one other member of the panel. The minister must also set or approve the panel's terms of reference and ensure that the public has an opportunity to participate in the assessment.

In other cases a federal review body may already exist that would make a suitable review panel. In order to promote cooperation in the review process the bill provides that an existing federal review body can be named as a substitute for a review panel. As with the joint federal process, the federal minister must be satisfied that the assessment is consistent with the requirements of the act. Further, the public must be given an opportunity to participate in the assessment, and the assessment must be submitted to the minister and published.

My colleague, the honourable senator from Newfoundland, has touched on some of those provisions.

The act contains another provision to promote cooperation and the review process. It imposes on the federal government a legal requirement to consult with other affected or interested jurisdictions when a project is referred for full public review. An important result of the *Canadian Environmental Assessment Act* will be that the federal government cannot make decisions on a project that affect other jurisdictions without prior consultation.

Third, the *Canadian Environmental Assessment Act* provides for the establishment of administrative agreements for effective and efficient federal-provincial partnerships in environmental assessment. Environment Canada already administers some 400 very successful multilateral and bilateral federal-provincial agreements. Clearly, the foundation for similar agreements on environmental assessment is well prepared.

Under the proposed act the Minister of the Environment can enter into agreements or arrangements with any jurisdiction for the purposes of coordination, consultation and exchange of information related to the assessment of environmental effects of projects. These features of the bill that are designed to promote cooperation are essential in light of the recent Supreme Court decision on the Oldman River Dam.

I should like to remind honourable senators that in that case the court recognized the federal government's responsibilities to conduct environmental assessments when it makes decisions. It also recognized the very important point that there is a shared responsibility for the environment between federal and provincial government. This cooperative approach underlines the proposed *Canadian Environmental Assessment Act*. Of course, it also underlies Canada's Green Plan and all other federal environmental initiatives.

● (1550)

It is no wonder that this critical piece of legislation contains so many provisions for cooperation and consultation. The *Canadian Environmental Assessment Act* has been built in consultation with thousands of Canadians in each and every province and territory. Participants included federal, provincial, territorial, and municipal governments, major industrial and agricultural associations, unions, environmental groups, and, of course, individual Canadians.

Work on reforming the federal environmental assessment process began in 1897, as this chamber has been told, with the release of a green paper on this issue. Subsequently, hundreds of Canadians participated in a series of regional meetings. A national workshop was held in March 1988 and my colleague from Newfoundland has outlined some of the actions that followed at that time.

Before ending my intervention in this debate, I would like to point out that this bill has received a lot of support from western Canada. I would like to read into the record a statement from the Canadian Petroleum Association which is very much involved in energy projects, of course. It had the following to say:

> The Canadian Petroleum Association has taken a very active part in the consultation process of Bills C-78 and C-13 as the issues are particularly relevant to the upstream oil and gas industry which we represent. We see the Bill as a timely and positive step in resolving uncertainties faced by project proponents. The orderly framework prescribed by the act and anticipated in Regulations will increase certainty and understanding of the assessment process. The CPA will continue to work with all stakeholders in the further consultations to develop efficient and effective regulations.

This is signed by Ian R. Smyth, the president. I would also like to remind senators that the western press has been very complimentary on this issue. Here is a quote from the *Edmonton Sun* which says:

> When a piece of environmental legislation has the support of the Tories, the Grits, the Reformers the Canadian Environmental Assessment Caucus and the Canadian Petroleum Association, you can be pretty sure it's sound comprehensive law.
>
> When it's opposed by the New Democrats and the Bloc Québècois, you can be dead certain of it.

There is another quote from the *Calgary Herald* saying:

> Good for Jean Charest. The federal environment minister's decision to stand firm on a new environmental assessment bill, in spite of heated opposition from Quebec Environment Minister Pierre Paradis, is a reminder to all who fret that constitutional harmony will be pursued at any cost.

He goes on to say how important it is that these environmental matters be addressed. There is even a quote here from

the *Victoria Times-Colonist* which notes that last week the Commons gave final approval to a bill which will require environmental assessment of projects within the federal jurisdiction. It goes on to review the bill and ends with the statement:

> . . . the fact is Tories and Liberals as well as the reform party overwhelmingly supported this law. The only reason that the NDP did not is because they think it is not tough enough.

There may be some who still feel that way. I should point out that individual NDP members have spoken in favour of this bill.

In closing, I would like to point out that I am happy to have had an opportunity to speak on this bill at this stage and I hope that senators realize that the participation of Canadians in the implementation of the act can help us develop a stronger, more cooperative federal environmental assessment process for current and future generations of Canadians. It was developed in cooperation with Canadians; it will be implemented in cooperation with Canadians. It is a bill that Canadians want and need now.

I hope honourable senators will see the merits of this urgently needed legislation and help to expedite the passage of Bill C-13.

The Hon. the Speaker *pro tempore:* Honourable senators, before I repeat the motion put by Senator Kenny, does Senator Gigantès want to ask a question of the sponsor of the bill?

Senator Gigantès: Honourable senators, I hope senators will allow me 30 seconds of reminiscence. Once when my father was military governor of Athens, cadets from the naval college and from the army college asked him to decide who should salute the other first, and he said the one who is most polite, so I let Senator Carney speak without further protest.

I would like to ask the the sponsor of the bill, in view of the extremely delicate constitutional equilibrium act that your government is engaged in, the whole nation in fact, were all the necessary efforts taken to make sure that this bill could be presented sufficiently well in Quebec, well in advance so as to avoid the storm of media opprobrium in the Quebec press that is falling down on the rest of Canada and us federalists? Was any serious effort made to explain all the things that Senator Carney was saying about cooperation? Could it not have been possible to discuss this particular issue with the federal minister and the provincial minister of environment in Quebec, and come out with some connuniqué saying some things like—as the Liberals have suggested in there dissidence to the Beaudoin-Dobbie report—this could be an issue where there would be provincial predominance?

Senator Carney: Perhaps I could I answer that question. The Supreme Court has already indicated that the federal government has concurrent jurisdiction in this matter. I refer the honourable senator to the act.

Senator Gigantès: It is concurrent. "Concurrent" as I understand it, means, at the the same time, the two. There is nothing in the judgment of the Supreme Court which says the federal government cannot say that in this particular issue we will cooperate with Quebec in the assessment and accept that Quebec will do the assessment in order to avoid the problems. I was asking the sponsor that question.

Senator Ottenheimer: Honourable senators, I probably will not be able to reply in a manner that will necessarily be satisfactory to the Honourable Senator Gigantès. Certainly, I am of the opinion that the government, being composed of intelligent, sensitive and knowledgable men and women—one might agree or disagree with them—

Senator Gigantès: Fallible at times.

Senator Ottenheimer: —but they are certainly that—intelligent, knowledgable, sensitive, and interested in Canadian unity—gave consideration to all the relevant aspects. I can only assume that. I am not a member of cabinet. Obviously the priorities or requirements are several. There are environmental aspects. As Senator Gigantès mentioned, there are obviously constitutional and inter-governmental aspects, international aspects and obligations, and national and provincial aspects. So as to the first part of the question, I assume with reasonable confidence that the government gave due weight to all the diverse important matters which were at hand.

● (1600)

On the second aspect of it, or what I think was also implied in the question, it is firmly my understanding that this legislation deals with process. It does not pretend to, nor, in effect, does it in reality, alter in any way any area of jurisdiction at any order of government. It provides a process in which those various orders of government would exercise the legitimate jurisdiction that they have without changing in any way the parameters of those jurisdictions.

The Hon. the Speaker *pro tempore:* It is moved by the Honourable Senator Kenny, seconded by the Honourable Senator LeBlanc, that further debate be adjourned until the next sitting of the Senate. Is it your pleasure, honourable senators, to adopt the motion?

Hon. Mira Spivak: Honourable senators, I am not going to speak at length on this bill. I do not intend to do that until third reading. However, I would like mention one point, if I may, and draw attention to some people who were instrumental in crafting the bill.

Rarely in *Hansard* in the House of Commons does one read such fulsome praise from members of all parties heaped on the minister and the parliamentary secretary.

On Motion of Senator Kenny, debate adjourned.

BUSINESS OF THE SENATE

Hon. John Lynch-Staunton (Deputy Leader of the Government): Before I call another order may we have an indication of when we can expect the Speaker's ruling? Would you say ten minutes?

The Hon. the Speaker *pro tempore:* Perhaps in 10 minutes.

Senator Lynch-Staunton: I do not want to get into a debate which would be interrupted indefinitely. Perhaps we could deal with Bill S-8 and see if we can dispose of that.

MOTOR VEHICLE SAFETY BILL

SECOND READING—DEBATE CONTINUED

On the Order:

Resuming the debate on the motion of the Honourable Senator Oliver, seconded by the Honourable Senator Di Nino, for the second reading of Bill S-8, An Act to regulate the manufacture and importation of motor vehicles and motor vehicle equipment to reduce the risk of death, injury and damage to property and the environment.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, yesterday I adjourned the debate, but I had asked the government leader a question as to the matter raised by my colleague from Cape Breton, Honourable Senator Graham, regarding the need for a Royal Recommendation. I wonder if the leader has an answer.

Hon. Lowell Murray (Leader of the Government): Honourable senators, I thank the Deputy Leader of the Opposition for reminding me of that. I have taken counsel and I have brought my music on the subject of why Bill S-8 did not receive, or indeed require, a Royal Recommendation.

It is the view of the government that the bill does not require a Royal Recommendation because it does not contain any clauses appropriating new money from the Consolidated Revenue Fund.

I would like to make the following points. The Senate is aware that the requirement for a Royal Recommendation flows from section 55 of the *Constitution Act, 1867,* and that the recommendation is only required if a bill proposes to authorize the expenditure of public money. According to *Erskine May*, Twentieth Edition, the expenditure must be "a new and distinct" one.

In Bill S-8 there is no authorization for the spending of public money. There is an existing Ministry of Transport with an existing statutory regime which was already authorized by Parliament under the *Motor Vehicle Safety Act* and the *Motor Vehicle Tire Safety Act*.

The new Bill S-8 is simply a technical revision and re-enactment of the current regime. The powers given to the minister in S-8 already exist. There is no substantive change to those powers.

It is the view of the government, and I believe honourable senators would find it the view of counsel—in the other place at any rate—that a Royal Recommendation is not required in these circumstances.

Senator Molgat: I thank the minister for his statement. In view of some of the matters that counsel in the other place have sent us, where there were some grave doubts about whether they had followed the proper course on Royal Recommendation, I do not know that we should completely accept their point of view.

However, I move the adjournment of the debate.

On motion of Senator Molgat, debate adjourned.

THE ESTIMATES, 1991-92

SEVENTH REPORT OF NATIONAL FINANCE COMMITTEE ADOPTED

On the Order:

Resuming the debate on the motion of the Honourable Senator Leblanc (*Saurel*),seconded by the Honourable Senator Gigantes, for the adoption of the Seventh Report of the Standing Senate Committee on National Finance (Main Estimates 1991-92), presented in the Senate on 24th March, 1992.

Hon. Royce Frith: Honourable senators, I wanted to draw attention again to what Senator Stewart said yesterday on this order in case it escaped any senator's attention. As he pointed out, the committee has very usefully highlighted a very important aspect of the Estimates, namely, the question of the rolling over of the votes or items under votes—as he calls it "recruiting" them back.

The result is, as he pointed out, "Vote 5 is a key vote, because when Parliament enacts it a large sum of money", in this case $400 million, "is placed at the discretion", effectively, "of the government." But it works out even to more, as he states, than $400 million when "the various sets of supplementary estimates come along and have the effect—to use the words I used before—of recruiting or restoring the Treasury Board vote—not to its full amount because it is only in the case of 'other requirements', not the pay list requirements" that this recruitment by the supplementary estimate takes place.

The good news is that the Treasury Board was very cooperative on this point and the committee has established a relationship and an arrangement with the Treasury Board whereby the Treasury Board is—and I quote again from Senator Stewart's statement—"trying to devise ways in which Parliament could be given information . . . in the future" as to how the vote was working.

What we have asked for is a kind of running report throughout the year as to what is happening under this contingency vote and also at the end of the year a summation of what has been done, and various other things.

I know that this particular type of vote has attracted the attention of the committee previously. I would like to compliment all members of the committee and the Chairman for setting this arrangement up and asking that, if they get interim reports from the Treasury Board pursuant to any arrangement they set up, will corresponding interim reports be made to the Senate so that we can follow the progress of that vote. I say that because, unless I am mistaken, when Senator Doody was Chairman of the National Finance Committee and we were in

government, he also had concerns about certain aspects of that type of vote.

● (1610)

The Hon. the Speaker *pro tempore:* Honourable senators, it was moved by the honourable Senator Leblanc (Saurel), seconded by the honourable Senator Gigantès, that this report be now adopted.

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

Hon. Senators: Agreed.

Motion agreed to and report adopted to.

[*Translation*]

THE ESTIMATES, 1991-92

CONSIDERATION OF EIGHTH REPORT—DEBATE ADJOURNED

On the Order:

Resuming the debate on consideration of the Eighth Report of the Standing Senate Committee on National Finance (Supplementary Estimates (C) 1991-92) presented in the Senate on March 25, 1992.

Hon. Roch Bolduc: Honourable senators, in its report on Supplementary Estimates (C), the Standing Senate Committee on National Finance detailed its review of the main and supplementary estimates referred to the committee for consideration. Supplementary Estimates (C) are the third and final supplementary estimates for the 1991-92 fiscal year. Instead of going through the details of this report, I would prefer to mention some of the highlights.

[*English*]

The budgetary portion of these supplementary estimates is $568.4 million and raises total budgetary estimates for 1991-92 to $160.660 billion. This amount exceeds by $1.660 billion the expenditure framework of $159.0 billion that was presented in last year's Main Estimates. However, on January 27, 1992, the government imposed a freeze on discretionary expenditures and new hiring for the remainder of the fiscal year. This freeze, along with lower defence spending, reduced public service pension costs and the usual year-end lapses, is providing $5.2 billion of savings, and will reduce 1991-92 budgetary expenditure to $155.5 billion.

The report points out that the Treasury Board Government Contingencies Vote—Vote 5—was used to provide temporary funding for 22 proposed expenditures of 14 departments, totalling $72.9 million. If Supplementary Estimates (C) are approved, the appropriation bill will have the effect of paying this amount back to Vote 5.

Members of your committee, as Senator Frith pointed out, have long been vigilant about the use of Vote 5 since it is a device that allows the government to make appropriations without waiting for the approval of Parliament. Because of our persistent and knowledgeable questioning over the years, Treasury Board has now agreed to provide to the committee, to accompany every set of supplementary estimates, a list of the Vote 5 allocations by department, along with the other tables prepared by the Board that are normally attached to our report.

As you are aware, the Committee's final report on the 1991-92 Main Estimates deals with the subject of the Government Contingencies Vote in more detail.

[*Translation*]

Sixty-seven per cent of the total budgetary expenditures to be voted in Supplementary Estimates (C) will be used for a single vote of the Department of Agriculture, Vote 30, under the heading "Grains and Oilseeds-Contributions", and the $767.6 million being requested will be used to reimburse the deficits of the Canadian Wheat Board's various grain pool accounts which resulted from unusually low world market prices. The Supplementary Estimates also provide for substantial additional statutory expenditures for the Department of Agriculture.

When the 1991-92 Main Estimates were tabled over a year ago, the estimates of the Department of Agriculture totalled $1.888 billion. Since then, the department has asked Parliament to approve a substantial increase in the original votes, in Supplementary Estimates (A), (B) and (C). The total of the increased appropriations is $2.485 billion, which represents an increase of 132 per cent over the amount approved in the Main Estimates for the entire department! According to our committee, the department should be able to provide a quicker and more accurate forecast of trends in world grain prices and other significant economic indicators, to ensure that the forecasts in the Main Estimates are a more accurate reflection of the resources it will need to operate farm programs during the entire fiscal year. In 1991-92, the Main Estimates failed to forecast with any degree of accuracy the expenditures that Parliament would be asked to approve.

The report also mentions that in his 1991 report, the Auditor General was critical of the Department of Agriculture and, more specifically, that between 1985 and 1990, none of the major farm assistance programs had been evaluated and that there was no clear statement of the objectives of these programs. In our committee's January 1991 report on the Government of Canada's program evaluation system, which was the focus of our review at the time, we mentioned similar cases of failing to evaluate major statutory programs, and the Auditor General's conclusions appear to confirm the existence of this somewhat disturbing trend at the Department of Agriculture. In 1991, for instance, the *Farm Income Protection Act* replaced many of the farm safety net programs by new programs for revenue insurance, gross revenue insurance and crop insurance, for which additional statutory expenditures totalling over $90 million are provided in Supplementary Estimates (C). However, Parliament has no way of knowing whether these new programs are better managed than the previous ones, which attracted the Auditor General's criticism.

I believe the Department of Agriculture has yet to prove to the committee's and the Senate's satisfaction that it is able to manage both new and existing programs efficiently and effectively. We would appreciate being kept informed of its plans

for program evaluation. The committee may also decide to ask departmental representatives to appear before it when it reviews the 1992-93 Main Estimates. In that case, the subject may be raised again in our interim report, about three months from now.

Thank you, honourable senators.

On motion of Senator Molgat, debate adjourned until the next sitting of the Senate.

● (1620)

CANADA ASSISTANCE PLAN

BILL TO AMEND—THIRD READING—MOTION TO INVOKE PROVISIONS OF RULE 40—SPEAKER'S RULING SUSTAINED

On the Order:

Resuming the debate on the motion of the Honourable Senator Lynch-Staunton:

That, pursuant to the provisions of Rule 40, in relation to Bill C-32, An Act to amend the Canadian Assistance Plan, not more than six further hours of debate be allotted to the consideration of the said bill at the third reading stage;

That, when the debate comes to an end or when the time provided for the debate has expired, as the case may be, the Speaker shall interrupt, if required, any proceedings then before the Senate and put forthwith and successively every question necessary to dispose of the remaining stages of the said bill; and

That, any recorded vote on the said questions shall be taken in accordance with the provisions of Rule 40(4).

The Hon. the Speaker: Honourable senators, during consideration of Motion Number 2 moved by Senator Lynch-Staunton, Senator Frith raised a point of order to the effect that the wording of the motion was irregular and therefore out of order.

[*Translation*]

I listened to the points raised in the point of order and I read Rule 40. I note that Rule 40 applies to the motion now before the Senate because it allows six hours of debate on the motion.

[*English*]

The words "single period" in Rule 40(2)(d) are applicable to the situation where you have a report stage and third reading. In this case, since we have only third reading before us, Rule 40(2)(d) still applies. If this motion is passed, a further six hours of debate is allocated before the vote must take place. I therefore rule that the motion is in order.

Hon. Royce Frith (Leader of the Opposition): I cannot accept that lying down, or sitting down for that matter.

The Hon. the Speaker: Will those honourable senators in favour of the ruling please say "yea"?

Some Hon. Senators: Yea.

The Hon. The Speaker: Will those honourable senators opposed to the ruling please say "nay"?

Some. Hon. Senators: Nay.

The Hon. the Speaker: In my opinion, the "yeas" have it.

And two honourable senators having risen.

The Hon. the Speaker: Please call in the senators.

[*Translation*]

Hon. Jacques Hébert: Honourable senators, pursuant to Rule 68, I ask that the vote be deferred as provided for therein.

[*English*]

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, I do not believe you can defer a vote on a Speaker's ruling.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Can you point out to us the rule where it says you cannot?

[*Translation*]

The Hon. the Speaker: I remind Senator Hébert that Rule 18(4) reads as follows:

> Except in accordance with the provisions of Rule 38(5), all decisions of the Speaker shall be subject to appeal to the Senate, and such an appeal shall be decided forthwith, without debate.

[*English*]

Do you wish me to repeat that in English?

Senator Hébert: Yes.

The Hon. The Speaker: It is Rule 18(4).

> 18(4) Except in accordance with the provisions of rule 38(5), all decisions of the Speaker shall be subject to appeal to the Senate, and such an appeal shall be decided forthwith without debate.

Call in the senators. Is there agreement between the Whips? The bell will ring for one hour.

The Senate adjourned to the call of the bell.

The sitting of the Senate was resumed.

The Hon. the Speaker: Let the doors to the chamber be locked.

Honourable senators, the question is: Shall the Speaker's ruling be sustained?

The ruling of His Honour the Speaker was sustained on the following division:

YEAS

THE HONOURABLE SENATORS

Atkins	Keon
Balfour	Lavoie-Roux
Barootes	Lynch-Staunton
Beaudoin	MacDonald
Bélisle	(*Halifax*)

YEAS

THE HONOURABLE SENATORS

Bolduc	Macquarrie
Carney	Murray
Cochrane	Ottenheimer
Cogger	Robertson
Comeau	Ross
David	Rossiter
Di Nino	Simard
Doody	Spivak
Doyle	Sylvain—28
Grimard	

NAYS

THE HONOURABLE SENATORS

Corbin	Hébert
Fairbairn	LeBlanc (*Beauséjour*)
Frith	Lefebvre
Gigantès	MacEachen
Graham	Molgat
Haidasz	Neiman
Hastings	Rizzuto—15
Hays	

ABSTENTIONS

THE HONOURABLE SENATORS

Nil

The Hon. the Speaker: I declare the Speaker's ruling sustained. Let the doors be opened.

Hon. Royce Frith (Leader of the Opposition): Honourable senators, I rise on a point of order and information. We just had a one-hour bell. I want honourable senators to know that we offered a 15-minute bell, but that was turned down by the government whip.

● (1640)

MOTION TO INVOKE PROVISIONS OF RULE 40 CARRIED

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, in support of this motion I would like to trace the progress of Bill C-32 since its introduction, explain some of its content and summarize the reasons which justify time allocation which, based on experience so far, should allow ample time for serious debate while respecting the government's need for passage at the end of the current fiscal year.

First reading of the bill was given on February 11th after third reading by the House of Commons the day before. The Senate adjourned on February the 13th. On February 18th Senator Kelly opened second reading by saying, in part:

> . . . the bill before us simply extends that limitation . . .

By that he was referring to the 5 per cent limitation on Canada Assistance Plan transfer payments. He continued:

> . . . for three more fiscal years namely 192-93, 1993-94 and 1994-95.

The limit was first applied in 1990-91 and 1991-92 through the *Expenditure Restraint Act*, Bill C-69, passed by Parliament one year ago.

It is important to stress that Bill C-32 is an extension of known government policy and existing legislation rather than something new, only recently introduced. In closing his remarks Senator Kelly said:

> Since another budget is almost upon us, I think it is incumbent to move this bill forward as quickly as possible.

Senator Frith adjourned the debate on the 18th of February. The Senate then adjourned until the 27th of February. On the 28th, the debate was resumed by Senator Frith, the bill was read a second time on division, and referred to the Standing Senate Committee on National Finance after Senator Molgat reminded the committee that the *Rules of the Senate* in Appendix 1 provide that when a bill before us is one in which a province or territory has a special interest, the government of that province or territory be invited to make written or verbal representations.

The Senate then adjourned until March 17. The committee contacted the 12 provincial and territorial governments by fax on March 3rd. At its meeting on March 18th, members of the Committee on National Finance were informed that no reply had been received from any province or territory, not even an acknowledgement—this 15 days after they were advised by fax.

It was then decided to report the bill without amendment and the Senate was so advised on March 19th, the following day.

The Senate adjourned to March 24th, the debate was resumed that day, two days ago, by Senator Marsden, and adjourned by Senator Hébert. Contact was made that same day with the Deputy Leader of the Opposition to ascertain his party's intentions regarding C-32 as the government wanted it decided on or before the end of the fiscal year, as Senator Kelly had already pointed out five weeks earlier.

I was informed that two Liberal senators had indicated to him their intention to speak, and that there could be more, so that no assurances would be given that a vote would be allowed on or before March 31st. The same reply was given yesterday when I contacted my honourable friend opposite. Two senators, he said, wanted to speak, one on Thursday, as Senator Fairbairn confirmed yesterday, and one on Tuesday, March 31st, with perhaps one more, so that the assurance again sought that a vote would be taken by the government's deadline was denied.

Such is the background to the decision to move time allocation on Bill C-32. It is our contention that little can be accomplished by stretching the debate out indefinitely and that the six hours provided by time allocation will be more than sufficient to increase everyone's knowledge of the pros and cons of Bill C-32, if indeed there is much more, if anything, which can be added to a debate which, in effect, is an extension of one which goes back some two years, that is, to the 1990 budget.

Every effort is made to accommodate the opposition when it comes to reaching an understanding on the progress of legislation, scheduling of speakers, and other matters which concern our sittings. I have no doubt that the Deputy Leader of the Opposition will bear me out on this. At the same time, however, the government does have a timetable which we on this side have a responsibility to respect.

Considering the urgency imposed by the little time left between now and the end of the fiscal year, the fact that, while C-32 is recent, its subject matter does date back two years, and that the bill itself calls for a three-year extension of known government policy, I am certain that most members will agree that not only would an indefinite extension of the debate add little to one's appreciation of C-32, but that the six hours permitted under time allocation may be even more than sufficient to allow the bill to be given a thorough airing. I therefore urge senators on all sides to support this motion.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, I do not quarrel too much with what the Deputy Leader of the government has said, although I might have to go over in detail the statement made by him as to the conversations I have had with him. However, I would like to point out that this is the first time that this Draconian measure has been used in the Senate. I emphasize "Draconian" because the method used to change the rules that were imposed on the Senate—imposed, because remember, never before in the other place or in this place were the rules changed by the method used by senators opposite. Always in both houses rule changes were made by having joint committees sitting over lengthy periods of time to change the rules. That has always been the method, but that is not at all the method that honourable senators across used.

My first point is the method by which these rules were changed. A number of you here have sat in the other place and you know that that was how it was always done in the other place, both in the case of the last change and when Senator Lefebvre was chairman of that committee. It was a joint method of arriving at the change of rules. Honourable senators opposite simply did not approach this in a bipartisan way. It was unilaterally done by them.

My second point is that the method of closure is even more stringent than that used in the House of Commons. It is a much tighter operation to force decisions and prevent discussion in this chamber. The House of Commons is more lenient than what you propose.

Let us come to this bill itself. Senator Lynch-Staunton properly indicated that the bill passed the House of Commons on the 10th and was introduced here on the 11th. That is true. There was no delay. Today is the 26th of March, but my friend introduced the closure motion on the 25th. That is less than a month and a half.

Let us look at what happened in the other place to determine why there is such a great rush to pass it through this chamber. It was introduced in the other chamber on the 18th of September, 1991. Second reading was moved on the 23rd and completed on the 30th. The committee did not meet until the 19th of November, although there was a great rush. We had to pass this bill. It had to be put through. It is really necessary that it be done quickly.

Between September 30th and November 19th the bill spent more time sitting doing nothing between second reading and committee stage than has been allowed in the Senate in total, for all stages.

● (1650)

The government says it is in a rush; it has to get this through. However, it was prepared to wait a month and a half before moving the bill along from second reading to committee stage.

The bill went into committee on the 19th of November. It came out of committee on the 27th of November. What happened then? Nothing until February.

Senator Frith: November, December, January: Three months.

Senator Molgat: Again we have a bill where there is a great rush and it must be put through the Senate now. We have this gag order across the way, the result of which is that we must push this bill through right away. Where is the logic?

This is an independent chamber, a chamber that should not be under the thumb of the government, a chamber that should not be operating at the whim and wish of any cabinet minister. This chamber, an independent body, ought to make its own decisions. That, however, is not what is happening.

Senator Haidasz: We are not slaves.

Senator Molgat: I submit to honourable senators that if there was a great rush for this bill, then the House of Commons ought to have proceeded in a very different way. They can spend almost five months in the process, and this house barely a month and a half. That amounts to a gag order, the worst gag order imaginable. That is how my honourable friends see the role of the Senate.

Senator Haidasz: It is unconstitutional.

Senator Molgat: That is certainly not my view of the role of the Senate. We are not here simply to put a quick stamp on the bills that the House of Commons wishes to pass. If the government was honest about having a rush on this bill, it would have moved in the House of Commons in a very different way.

I come back now to those members who wish to speak on our side. I knew that Senator Fairbairn intended to speak, and she so indicated. Senator Perrault indicated to me that he wished to speak. He had commitments in his own province of British Columbia and could not be here until Tuesday. Therefore, he is not in a position to speak on the subject until Tuesday.

I might point out that this bill is of particular concern to three provinces. Senator Perrault's province, British Columbia, is one. The province of Alberta is another, and Senator Fairbairn will be speaking. Senator Marsden, who comes from the province of Ontario, the other province affected, has already spoken, as did Senator Frith in the initial instance.

It was my desire to give Senator Perrault the opportunity to speak. It is true that I could give no absolute commitment that no one else would speak. Very often in the course of debate, as we all know, other individuals, on hearing a speech, decide to join in the debate. I do not deny that a bit, but I think that is the role of the Senate.

This issue is of a major and immediate concern to the three provinces I have mentioned. As well, it has an impact on all provinces, because this is the beginning of the erosion of the system that this government is proceeding with. It is on that basis, honourable senators, that I submit the House of Commons did not rush this thing through. It has been here less time than the recess in the House of Commons—less time than the House of Commons took between second reading and committee stage. We are now being forced by this rule that has been imposed on the Senate to proceed and forever hold our peace. That is an absolutely unreasonable proposition. I am absolutely opposed to it. The government is wrong. Honourable senators on the other side are simply letting the government decide what ought to be done instead of making the decisions here in the Senate.

Some Hon. Senators: Hear, hear!

Hon. Lowell Murray (Leader of the Government): Honourable senators, the Deputy Leader of the Opposition has stated in his opening remarks that the reform of the rules in this place and the other place—

Senator Haidasz: Deform.

Senator Murray: —have invariably been a bipartisan exercise and that the majority had never imposed its will on the minority either here or in the other place when it came to a reform of the rules.

My memory goes back to 1968 and the most far-reaching overhaul of the rules of the House of Commons that had been made in a generation. That overhaul of the rules was led by the President of the Privy Council, the House Leader in the House of Commons in the Trudeau government, Mr. Donald Macdonald, over the vociferous objections of both opposition parties and imposed on the minority by the majority in that place. If my memory serves me correctly, it was imposed by closure. I may not be right on the last point, but I am certainly accurate in my recollection that the opposition fought those changes tooth and nail and that they were finally imposed on the opposition parties by the Liberal majority in the House of Commons.

I do not know that the House of Commons is any the worse or any the better for the reforms that were introduced at that time. For one thing, they did away with the old practice of conducting the Estimates in Committee of the Whole House, and they removed from the opposition the ability to use supply as a real weapon in holding the government to account. That is a loss for the opposition. On the other hand, it is argued that sending the Estimates to committees for detailed examination has been an improvement in the conduct of public affairs and in the ability of Parliament to have a meaningful role in scrutinizing expenditures and holding ministers to account. The point, however, is that they were imposed by the majority over the objections of the minority, and it was the farthest thing from a bipartisan exercise that you could possibly imagine.

With regard to the arguments advanced by Senator Molgat, the amount of time that Bill C-32 took to clear the House of Commons is "à-propos de rien", in my humble opinion. The question that should concern honourable senators is whether there has been ample opportunity here for a debate and an examination of Bill C-32 in its various stages. The chronology has been placed on the record by the Deputy Leader of the Government. Second reading was moved by our colleague, Senator Kelly, on February 18th. The Leader of the Opposition took the adjournment on that date, and there were several adjournments agreed to by the government to accommodate Senator Frith following that. We did not call it on February 19th or on Thursday, February 27th, in an effort to accommodate the Leader of the Opposition; indeed, at the request of the opposition leadership.

Finally, 10 days after Senator Kelly had opened debate on second reading, Senator Frith spoke to second reading. At that time, I intervened in the debate and the Senate divided, and on a standing vote, we moved the bill to the Standing Senate Committee on National Finance.

Honourable senators are aware that on March 18th, the Deputy Prime Minister and Minister of Finance, Mr. Mazankowski, appeared to explain the bill and to reply to questions from members of the committee. It has already been placed on the record that others were invited and given an opportunity to attend, including representatives of provincial governments who might be concerned about the bill.

● (1700)

On March 19 the bill was reported without amendment. There is no evidence in the record that anyone on the opposition side protested that more time was needed in the committee, that further witnesses should be called or that there were further amendments to be considered. The bill was reported on March 19 without amendment.

Third reading was moved by Senator Bolduc on Tuesday, March 24, 1992. We have had speeches by Senator Marsden, a very brief intervention on my part, and in the interim we have had serious discussions between the leadership on this

side and the Leader of the Opposition with a view to agreeing on a date when we might expect to have the final vote on third reading taken.

It was not possible to agree. I appreciate very much the point that the Deputy Leader of the Opposition makes. Even when the leadership agrees these matters are ad referendum to caucus. He had had indications that at least two of his colleagues wished to speak. It is always possible that there is a third, fourth or fifth who may wish to speak. But no agreement was possible nor do I think—and Senator Lynch-Staunton or Senator Molgat can correct me if I am wrong—that there was an indication that best efforts would be made to have a vote by a certain time on a certain date.

There is no obligation on the part of the opposition to agree to that sort of thing—none whatsoever. Were I in his place I might take the same tack, I do not know. There is no obligation on the opposition. They are perfectly within their rights not to agree to anything—perfectly within their rights. On the other hand, I hope it will be clear—it certainly is clear from the reading of the rules—that the government, the majority in this place, is perfectly within its rights to invoke those rules that permit us, when an agreement is it not possible—

Senator Haidasz: The rules are unconstitutional, as I mentioned yesterday.

Senator Murray: I thank the honourable senator for that interjection. But we have the rules.

Senator Gigantès: They laugh at the Constitution.

Senator Haidasz: They break all the rules, even the Constitution!

Senator Murray: The honourable senator—

Senator Haidasz: That is "consent of Parliament"!

Senator Murray: —referred to this allocation of time rule as draconian. He says that it is far more restrictive than the allocation of time provision that exists in the House of Commons rules. I do not know that that is the case. I have not done an analysis on it. I would suspect that the difference between the two is not great.

What I also know, and what all of us here know, is that there is hardly a legislative assembly operating in our system of government with which any of us are familiar or have ever heard of that does not have some mechanism for allocation of time, closure, or some way to bring a debate to an end in good time. It is not all that draconian at all.

The opposition has a perfect right to refuse to agree to anything, as they have done in this case. We, for our part, have a right to invoke the rules and to ask for a vote on a reasonable allocation of time order. This one will provide for six more hours of debate at third reading of Bill C-32; six hours which would surely give the two senators whom Senator Molgat mentioned, namely Senator Fairbairn and Senator Perrault, ample opportunity to speak, and perhaps a third, fourth or fifth Liberal senator or perhaps a Conservative senator who may feel inspired to take part in the debate.

Honourable senators, that is about all I wish to say for the moment. We will be glad to proceed to a vote on this allocation of time motion in due course, and from there to consider when we shall resume debate on Bill C-32.

Hon. Royce Frith (Leader of the Opposition): Honourable senators, as the Leader of the Government has said, each side is perfectly within its rights to resort to the rules and exercise what rights it has under the rules.

To use a phrase that he also used, we mean to fight tooth and nail against the imposition of closure here. We want to fight tooth and nail on CAP, so I guess we will have a vote.

Upon exercising the rights which he invites us to exercise, and he having exercised his, as I read the rules we will have a vote and the vote is deferred until 5:30 tomorrow.

Senator Murray: No.

Senator Frith: Yes.

Senator Haidasz: Until 5:30 Saturday.

Senator Frith: Yes. Read the rules.

Senator Lynch-Staunton: We did.

Senator Cogger: Read rule 41(1)(c).

Senator Frith: Yes, let us look at it. It says:

> Except as provided below . . .

This is found on page 41. It is rule 40(4). Correct? It states:

> except as provided below . . .

Note that. It goes on to state.

> . . . the provisions of rules 67 and 68 shall apply to the taking of any standing vote in relation to every Order of the Day to which time is allocated for debate, pursuant to rule 39 or 40 and shall be considered within the following provisions:

Rule 67 would provide for a one-hour bell. But what the rule says is "except as provided below". And what "below" says is:

> (a) except as provided in sub-paragraph (b) below, when debate on such an Order of the Day . . .

And the Order of the Day that is referred to is the Order of the Day in rule 40, which states that Senator Lynch-Staunton's motion "shall be placed on the Orders of the Day under "Government Motions" for the next sitting day", which he did and which we did.

We raised a point of order. We had a vote on it. We have now heard that the government means to proceed with the matter. It is now on the Orders of the Day. That is where we are. The rule states:

> except as provided in subparagraph (b) below . . .

That does not apply in this case because it is after 5:30. It goes on to state.

> . . . when debate on such Order of the Day is concluded . . .

Which is what we are doing, and as far as we are concerned it is concluded.

Senator Murray: Not until Senator Lynch-Staunton speaks.

Senator Frith: He can go on if he wants to, but when that happens, "or when the time provided for such debate expires", which is two and one-half hours, the vote is deferred. There is a period of two and one-half hours provided for the debate on Senator Lynch-Staunton's motion. When that expires, or when the debate is concluded, the vote should be deferred. As far as we are concerned it is concluded, but if you want to keep talking, that is fine. Whichever happens—either the two and one-half hours or when you are finished talking about it, then:

> . . . the Speaker shall forthwith put the question without any further debate or amendment and any standing vote requested in relation thereto shall be deferred until 5:30 o'clock in the afternoon on the next day thereafter on which the Senate sits.

Senator Haidasz: That is right.

Senator Frith: What could be clearer? It says that rule 67, which you want to invoke, namely, a one-hour bell, applies "except as provided below". That is what the provision below says.

I am sure that what will happen is you will say something opposite and the Speaker will rule against us. The rules do not seem to matter, anyway. But that is what the rule says, and we are ready for the vote.

● (1710)

Senator Murray: I presume my friend has risen on a point of order, in response to which—

Senator Frith: I am debating the motion. I am saying we are ready for the vote.

Senator Murray: May I then be permitted to place on the record, because a point of order has been raised—

Senator Frith: Please listen to the reply, Mr. Speaker, because I know you will do exactly what he says.

Senator Murray: My friend has not asked for a ruling I take it?

Senator Frith: Let's have a vote. I just want the rules applied.

Senator Murray: Let me read Rule 41(1) on page 45 with regard to a government motion to allocate time:

> When an Order of the Day for a motion to allocate time for the consideration of any item of government business is called:
>
> (a) the same shall not be adjourned and no amendment thereto, nor other motion, except that a certain Senator be now heard or do now speak, shall be received;
>
> (b) the Speaker shall interrupt any proceeding then before the Senate and put every question necessary to dispose of the motion not later than two and one half hours after the order is called; and
>
> (c) any standing vote requested in relation thereto shall not be deferred and shall be taken subject to the provisions of rule 67(1).

[Senator Murray.]

Senator Frith: Go back to the other, which says that rule 67 applies except—

Senator Murray: Just a minute. Rule 67(1) says:

> Unless previously ordered or elsewhere provided in these rules,—

I contend that Rule 41(c) provides otherwise.

Senator Frith: Now extend that to 44.

Senator Murray: It goes on:

> —when a standing vote has been requested in accordance with Rule 66(3), the bells to call in the Senators shall be sounded for 60 minutes unless otherwise ordered, and with leave of the Senate.

What we have here is that two and a half hours after the debate on the time allocation—

Senator Frith: Or when it is concluded.

Senator Murray: Or when it is concluded, but the maximum of two and a half hours after the debate on the time allocation motion has commenced, His Honour has to interrupt the proceedings and put the question to dispose of the motion. Any standing vote cannot be deferred but is subject to a 60-minute bell unless there is agreement otherwise. That is my reading of the rules.

Senator Frith: Honourable senators, since the Leader of the Government has turned this into a point of order, and I think quite correctly, Rule 67 is the one that he wants your honour to apply. The rule says—and I guess somebody who drew these rules did not notice that they said that 67 is to apply—"except as provided below, the provisions of rules 67 and 68 shall apply." What is provided below? What is provided below is that the vote is deferred until 5:30 in the afternoon of the next day. You could say there is an inconsistency between the two but you must read such inconsistencies in the hope that you can make sense of them. The only words that help us make sense are the words, "except as provided below, the provisions of rules 67 and 68 shall apply." So rule 67 does not apply in the situation described at the top of page 42, which is precisely the situation we are in. So I agree with the leader with regard to rule 67. That is exactly where you go. All roads lead you to rule 67. But having arrived at 67 you say, "Well, that is to apply. Rule 67 is to apply on the basis of what is said at the bottom of page 41, namely sub (4), but when you read (4) it says that rule 67 does not apply in certain special circumstances." They happen to be the very circumstances we are in; namely, that the time for the debate has either expired or the debate has expired and then there is a standing vote. It shall be put. That is what it says. The speaker is to stand and put the question and then it is to be deferred until 5:30 in the afternoon.

I guess we need a have ruling because the only sense you can make out of the two rules is to read the words, "except as provided below".

The Hon. the Speaker: Honourable senators, I think it is very clear on page 45. Rule 41(1)—

Senator Frith: It is clear on page 42.

The Hon. the Speaker: It is a procedure for a government motion to allocate time. It is very specific.

Senator Frith: That is what this is.

The Hon. the Speaker: I will not repeat what Senator Murray said, but it seems to me quite clear and I do not see how it can be construed otherwise.

Senator Frith: Do you want to read only one page, Mr. Speaker? Isn't it just as clear on the other page?

The Hon, the Speaker: I want to read where it refers to a motion to allocate time.

Senator Frith: Of course, that is the only part you will read!

The Hon. the Speaker: That is where it applies. It is quite clear to me.

Senator Frith: I figured it would be! What is the point? You only want to read one page, the one that suits the government!

The Hon. the Speaker: I have listened to your arguments!

Senator Frith: You stand up, Mr. Speaker, and you say that it is quite clear, and then you read the page the leader told you to read. Well, read the other page!

The Hon. the Speaker: I am sorry, Senator Frith, I have read them and I followed your argument also!

Senator Frith: That's fine. We know who you will support!

Senator Corbin: The Speaker is participating in the debate.

The Hon. the Speaker: I am not participating, I am answering.

Senator Frith: Do what you want! Get it done! What do you want to do?

Senator Murray: Honourable senators, I suggest we call it 6 o'clock, and we will return at 8 o'clock.

Senator Frith: No. You are supposed to proceed right through at this stage.

Senator Murray: My friend is confused.

Senator Frith: Sure!

Senator Murray: Well he is. He is confused between the rules that relate to a debate on an allocation of time motion and the—

Senator Frith: What are you going to do? You are the Leader of the Government. You ram everything through. What do you want to do? If you want to adjourn, let's do it! It is five to six.

Senator Murray: The honourable senator—

Senator Gigantès: How about the day you told him to tell us the vote was 5 minutes later than it was?

Senator Frith: Just get it done. I don't want to listen to your lectures or any of your smarmy comments.

Senator Barootes: Crybabies.

Senator Frith: Don't stand and lecture me. I know you are a real expert on all these things. Do what you want to do as Leader of the Government and don't play professor.

The Hon. the Speaker: Order, please.

Senator Murray: The honourable senator at leisure will want to reread the record today and for his assistance—

Senator Frith: Don't do that. Stop making those comments telling me what I should do.

Senator Murray: I know the honourable senator—

Senator Frith: I can't stand those smarmy replies. What a pathetic performance. Stop it!

Senator Murray: You are going to take the Senate *Hansard* home to bed with you and you are going to want to reread the record. For your assistance—

Senator Frith: I hope also the Leader of the Government will take the *Hansards* home and see what a pompous ass he is. Get the job done and don't stand there lecturing, Mr. Bumble, Senator Bumble! Do what you want to do!

Senator Murray: Give me an opportunity to say—

Senator Frith: I won't give you an opportunity to lecture me on the rules or what you think I should be doing tonight with *Hansard*.

Senator Murray: Let me then have a word with my colleagues on this side, since my words are falling, if not on deaf ears, certainly on hostile ears on the other side. The fact of the matter is that the Leader of the Opposition is confusing the rules that apply to an allocation of time motion with the rules that apply to an Order of the Day—

Senator Frith: There you are, good children. Nod away!

Senator Murray: —with respect to which an allocation of time motion has been passed. He is quite confused about that.

Senator Frith: I can understand why those opposite are letting him lecture them.

Senator Murray: With regard to an order of the day in respect of which an allocation of time motion has been passed, we could not call it 6 o'clock, but would have to go right through. With regard to an allocation of time motion itself we are obliged to stop at 6 o'clock and come back at 8 o'clock. So I think Your Honour would want to call it 6 o'clock.

Senator Frith: If you will look at the rules, it says this is an Order of the Day.

The Hon. the Speaker: Senator Murray, do you want me to call it 6 o'clock or do you want me to put the question?

Senator Frith: Put the question and let's get it done, and have no more lectures from Senator Murray!

Senator Murray: If it is the wish of the honourable senators opposite, then I suggest that Your Honour put the question.

Hon. Stanley Haidasz: I want to remind honourable senators opposite that the current rules they are talking about, and which they are trying to apply today, have been brought in

without the requisite double majority of votes which the present rules and the previous rules require.

● (1720)

Therefore, these rules are invalid. The grave mistake of contempt of this "free" Parliament is being compounded.

I appeal to all honourable senators opposite to do everything they can to persuade their leader in this house to withdraw this motion of closure. It is in contempt of Parliament and against the freedom of Parliament. Every senator in this house has a right to speak until he is satisfied that he has stated all that he wishes on a certain matter. You are compounding the grave mistake made on June 18, 1991 when these rules were brought in without the required two-thirds majority.

The Hon. The Speaker: Honourable senators, it was moved by the Honourable Senator Lynch-Staunton seconded by the Honourable Senator Atkins:

> That, pursuant to the provisions of Rule 40, in relation to Bill C-32, An Act to amend the Canada Assistance Plan, not more than six further hours of debate be allotted to the consideration of the said bill at the third reading stage;
>
> That, when the debate comes to an end or when the time provided for the debate has expired, as the case may be, the Speaker shall interrupt, if required, any proceedings then before the Senate and put forthwith and successively every question necessary to dispose of the remaining stages of the said bill; and
>
> That, any recorded vote on the said questions shall be taken in accordance with the provisions of Rule 40(4).

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

Some Hon. Senators: Agreed.

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 two honourable senators having risen.

The Hon. the Speaker: Please call in the senators.

● (1730)

The sitting of the Senate was resumed.

The Hon. the Speaker: Let the doors to the chamber be locked.

Motion of Senator Lynch-Staunton carried on the following division:

[Senator Haidasz.]

YEAS

THE HONOURABLE SENATORS

Atkins	Keon
Balfour	Lavoie-Roux
Baroots	Lynch-Staunton
Beaudoin	MacDonald (*Halifax*)
Bolduc	Murray
Carney	Ottenheimer
Cochrane	Robertson
Cogger	Ross
Comeau	Rossiter
Di Nino	Spivak
Doody	Tremblay—24
Doyle	
Grimard	

NAYS

THE HONOURABLE SENATORS

Corbin	Hastings
Fairbairn	Hébert
Frith	Kenny
Gigantès	Molgat
Graham	Neiman—11
Haidasz	

ABSTENTIONS

THE HONOURABLE SENATORS

Nil

The Hon. the Speaker: Let the doors to the chamber be opened.

● (1740)

BUSINESS OF THE SENATE

Hon. Lowell Murray (Leader of the Government): Honourable senators, before I move the adjournment of the Senate, I thought I should mention to honourable senators that the House of Commons passed two supply bills and a borrowing bill which have arrived here. We can meet tomorrow, and I am prepared to move that we meet tomorrow, for the purpose of receiving those bills and giving them first reading, in which case, under the rules, we would begin the debate on second reading on Tuesday. If it were the wish of honourable senators, we could give them first reading tonight and begin second

reading on Monday and not have to come back here tomorrow. I leave it to honourable senators. I simply mention there are three bills, two supply bills and a borrowing authority, that have arrived here. The first two supply bills are matterse with which we would want to proceed.

Hon. Royce Frith (Leader of the Opposition): They are here now?

Senator Murray: They are here now.

Senator Frith: We have them now.

Senator Murray: I would have to ask leave to revert to Introduction and First Reading of Government Bills in order to have second reading on Monday. If honourable senators wish, I could revert to Introduction and First Reading of Government Bills. We could do that now, not meet Friday, and come back Monday for second reading.

Senator Frith: Well, honourable senators, all that is being asked for is leave to revert. The bills are here. If the bills were not here, we would not give leave, but the bills are here. In that case, I cannot see any reason why we should not revert.

While I am on my feet, I am still so naive about these new rules. Are we not supposed to continue now with Bill C-32?

Senator Murray: Honourable senators, no. There is nothing in the rules that requires us to undertake the debate on Bill C-32. Once we begin the debate on Bill C-32, we must continue with that bill until its conclusion and have a vote. It would be our intention to call Bill C-32 in time to ensure that those six hours of debate are available.

Senator Frith: Bill C-32 is not now before us?

Senator Murray: It is not. We can call it at our discretion. It is our intention to call that bill so that those six hours of debate take place before midnight on Tuesday, March 31. We now have some leeway there. If honourable senators wish to give leave to revert to Introduction and First Reading of Government Bills, we can give first reading to those three bills and come back on Monday to begin second reading.

Hon. Pat Carney: We were prepared to sit tomorrow. Are you suggesting that we will not be sitting tomorrow?

Senator Murray: Honourable senators—

Hon. Stanley Haidasz: We made a big sacrifice to stay here tonight.

Senator Murray: If honourable senators give leave to give first reading of those bills tonight, it would not be necessary for us to sit until Monday. If honourable senators do not give leave to give first reading to those bills tonight, we will meet tomorrow and give first reading to those bills then and come back Monday.

Senator Frith: What would you do on Monday when you came back?

Senator Murray: Well, I think in any case we will call Bill C-32.

Senator Gigantès: Have you just thought about this now, or do you want to think about it a little longer?

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, when the Deputy Leader of the Government spoke to me about how we would be handling the supply bills, I told him then that, as far as we were concerned, we would be following the regular order of business; that is, with the normal delays and just proceeding as is normal.

My reason for saying that, quite frankly, was not an attempt to embarrass anyone, but really an attempt to again put pressure on the House of Commons. They delay things constantly and then give it to us here in the Senate. Senator Doody went through the same experience on many occasions.

Senator Frith: I went through it over there.

Senator Molgat: They just continue to proceed in the same way. At some stage, we have to stand up and say "Enough is too much". That is the reason why I said no, and that we will insist on the regular order of business.

It had been indicated to me that the bills would pass the House of Commons tonight at six and that we would therefore have to sit on Friday, on Monday and on Tuesday in order to follow the sequence. I said if that is the way it must be then that is the way it must be.

I think many of our colleagues have arranged their plans so that they would be here tomorrow and also on Monday. If we do not give leave now to revert, what will happen is that we will sit tomorrow and sit Monday. If we do give leave to revert, that does not change the order of things. We will not sit tomorrow, but, regardless, we have to sit on Monday. Monday is in the system, whatever we do. Whether there is leave to revert or no leave to revert, we sit on Monday.

In view of the fact that we will not be changing the normal sequence of notice and so on, under those circumstances I would be prepared to give leave to revert.

Senator Carney: I have a point of order. I would like to voice an objection. Because of the way that the air transport is for western senators, when we are told we will be sitting on a Friday, we make those kinds of arrangements. It is not possible to get here for a Monday sitting if you are from western Canada.

Senator Molgat: The problem is we will sit on Monday in any case. Regardless of what we do, we sit on Monday. That much is settled.

Senator Frith: Senator Carney, are you not giving leave? Are you refusing leave?

Senator Murray: Senator Carney expressed an objection.

Senator Carney: I expressed an objection on the grounds that we were told we would be here on Friday. Because of the way the planes fly, we cannot be here on Monday until about 4.30 or 5 o'clock, when the Senate has usually risen. I am just making the objection that the Senate is not taking advantage of the fact that western members like myself can be here on a Friday.

Senator Gigantès: I think we should show solidarity with Senator Carney and not give leave. Let us show solidarity with Senator Carney.

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

Hon. Senators: Yes.

BORROWING AUTHORITY BILL, 1992-93

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-61, to provide borrowing authority for the fiscal year commencing April 1, 1992.

Bill read first time.

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

Senator Murray: On Monday next, honourable senators.

[*Translation*]

APPROPRIATIONS BILL NO. 4, 1991-92

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-65, an Act for granting to Her Majesty certain sums of money for the public service of Canada for the financial year ending the 31st March, 1992.

Bill read first time.

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

On motion of Senator Murray, bill placed on the Orders of the Day for second reading at the sitting of the Senate to be held next Monday, March 30, 1992.

[*English*]

APPROPRIATION BILL NO. 1, 1992-93

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-66, for granting to Her Majesty certain sums of money for the public service of Canada for the financial year ending 31st March, 1993.

Bill read first time.

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

On motion of Senator Murray, bill placed on the Orders of the Day for second reading on Monday next, March 30, 1992.

ADJOURNMENT

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, with leave of the Senate, and notwithstanding rule 59(1)(*h*), I move:

> That when the Senate adjourns today, it do stand adjourned until Monday next, March 30, 1992, at 2 o'clock in the afternoon.

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

Hon. Senators: Agreed.

Motion agreed to.

Senator Lynch-Staunton: I move that the Senate do now adjourn.

The Hon. the Speaker: Shall all other Orders stand?

Senator Lynch-Staunton: Yes.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, it is in order for the government to stand all government Orders. However, if there are senators who have Orders on which they want to proceed, I think we need to have agreement to stand all other Orders.

Senator Lynch-Staunton (Deputy Leader of the Government): I ask that all remaining orders, inquiries and motions stand.

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

Hon. Senators: Agreed.

The Senate adjourned until Monday, March 30, 1992, at 2 p.m.

THE SENATE

Monday, March 30, 1992

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

Prayers.

SENATORS' STATEMENTS

GENERAL ELECTION

NUMBER OF DAYS LEFT IN CURRENT TERM

Hon. Royce Frith (Leader of the Opposition): Honourable senators, Senator Murray's democratic colleagues have 236 days in which to call an election. His cowardly and contemptuous of democracy colleagues have 622 days.

THE BUDGET

REVIVAL OF ECONOMY—STATEMENT OF SENATOR EVERETT

Hon. Philippe Deane Gigantès: Honourable senators, I should like you to cast your minds back to what Senator Everett said the other day in his speech on the budget. He made an excellent technical speech on getting the economy started again. He talked about two ways in which this can be done. One is the supply side way, which involves higher interest rates, taxing the middle class and cutting the taxes of the rich. The other way is the demand side way, where the reverse is done. He said that both ways can work, but that there are lags in both solutions.

Of course, Senator Everett is right. The difference, however, between the two is that the one solution, the one that helps the demand side, is compassionate, while the other is a typical Tory solution because Tories care only that it doesn't cost them money.

MANITOBA

CHILD POVERTY—CLARIFICATION OF NEWSPAPER ARTICLE

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, I rise today because of an article that appeared on the front page of the weekend edition of Canada's self-declared national newspaper, the *Globe and Mail*. It indicated that a child had died in Manitoba of starvation. I should like to set the record straight because, while the article refers to an incident that occurred some years ago, one infers from the paper that it happened recently.

The death did occur, although it was some five years ago. It was a most unfortunate circumstance. It was not a straight case of starvation. There was food available, but there was a lack of understanding as to the nutritional requirements of the child.

In my opinion, the headline gives a false impression of the situation in Manitoba. That is not to say that we do not have a problem with child poverty. We do. We have a serious problem. To my regret, I know that my province is the worst in the country in this regard. I deplore it. However, frankly, the newspaper story was inaccurate and gave a false impression.

BRITISH NORTH AMERICA ACT, 1867

125TH ANNIVERSARY OF ROYAL ASSENT

Senator Lynch-Staunton (Deputy Leader of the Government): Honourable senators, 125 years ago yesterday on March 29, 1867, Queen Victoria gave Royal Asset to "An Act for the Union of Canada, Nova Scotia, and New Brunswick, and the Government thereof; and for Purposes connected therewith". The act was adopted in the House of Lords where it was first introduced on February 12, with minor amendments in the House of Commons on March 8, and with concurrence by the Lords on March 12.

I urge all colleagues to read the debates in the Lords and the Commons leading to the adoption of the *BNA Act*. They are filled with thoughtful insights on the purpose of the union, the role of its respective members, and the benefits expected from Confederation. They should certainly be must reading for those directly involved in current constitutional discussions.

Honourable senators, allow me to quote from the Earl of Carnarvon's speech in the Lords during second reading, he being the sponsor of the bill:

> My Lords, I now pass to that which is, perhaps, the most delicate and the most important part of this measure—the distribution of powers between the Central Parliament and the local authorities. In this is, I think, comprised the main theory and constitution of Federal Government; on this depends the practical working of the new system. And here we navigate a sea of difficulties. There are rocks on the right hand and on the left. If, on the one hand, the Central Government be too strong, then there is risk that it may absorb the local action and that wholesome self-government by the provincial bodies, which it is a matter both of good faith, and political expediency to maintain: if, on the other hand, the Central Government is not strong enough, then arises a conflict of State rights and pretensions, cohesion is destroyed, and the effective vigour of the central authority is encroached upon.

> The real object which we have in view is to give to the Central Government those high functions and almost sovereign powers by which general principles and uniformity of legislation may be secured in those questions that are of common import to all the Provinces; and, at the same time, to retain for each Province so ample a measure of municipal liberty and self-government as will allow and indeed compel them to exercise those local powers which they can exercise with great advantage to the community.

May those who today are navigating the same sea of difficulties be inspired and motivated by a similar spirit of compromise and understanding which allowed the passage of the BNA Act 125 years ago this month.

DISTINGUISHED VISITORS IN GALLERY

DELEGATION FROM HOUSE OF LORDS

The Hon. the Speaker *pro tempore:* Honourable senators, I draw your attention to the presence in the gallery of Phillipa Tudor, Senior Clerk, and Mr. David Beamish, Chief Clerk of the House of Lords of the United Kingdom, who are on a visit to the Parliament of Canada.

[*Translation*]

SCRUTINY OF REGULATIONS

FIFTH REPORT OF COMMITTEE PRESENTED AND PRINTED AS APPENDIX

Hon. Normand Grimard: Honourable senators, I have the honour to present the fifth report of the Joint Committee on the Scrutiny of Regulations, concerning Report No. 50—Public Service Employment.

I ask that the report be printed as an appendix to the *Debates of the Senate* and the *Minutes of the Proceedings of the Senate* of this day and 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 p. 1273.*)

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

(On motion of Senator Grimard, the report is placed on the Orders of the Day for consideration at the next sitting of the Senate.)

[*English*]

NORTH ATLANTIC ASSEMBLY

SUBCOMMITTEE ON VERIFICATION AND TECHNOLOGY—REPORT TABLED

Hon. Earl A. Hastings: Honourable senators, I have the honour to table the report of the Subcommittee on Verification and Technology of the North Atlantic Assembly of meetings held in Geneva and Vienna on March 10, 1992, and the participation of Canadians therein.

● (1410)

PARLIAMENTARY FORUM ON ECONOMIC PARTICIPATION OF CANADIANS WITH DISABILITIES

NOTICE OF INQUIRY

Hon. Consiglio Di Nino: Honourable senators, I give notice that on Thursday next, April 2, 1992, I will call the attention of the Senate to the Parliamentary Forum on Economic Participation of Canadians with Disabilities, "Profitable Choices for Everyone," held in Ottawa on March 29 and 30, 1992.

[*Translation*]

GOODS AND SERVICES TAX

PRESENTATION OF PETITIONS

Hon. Jacques Hébert: Honourable senators, I have the honour to present petitions signed by 29 residents of the province of Ontario who object to the goods and services tax. These petitions are mostly from Toronto and Mississauga.

Honourable senators, I have the honour to present petitions signed by 52 residents of the province of Ontario who also object to the goods and services tax. Most of these petitions are from Toronto, Etobicoke and Scarborough.

Honourable senators I have the honour to present petitions from 75 residents of the province of Ontario who object to the goods and services tax. These petitions are mostly from Toronto, Don Mills and Mississauga.

Honourable senators, I have the honour to present petitions signed by 79 residents of the province of Ontario who object to the goods and services tax. These petitions are mostly from Toronto, Peterborough, Willowdale, Scarborough and Mississauga.

Honourable senators, I have the honour to present petitions signed by 75 residents of the province of Ontario who object to the goods and services tax. Most of these petitions are from Toronto, St. Catharines, Hamilton and Scarborough.

Honourable senators, I have the honour to present petitions signed by 52 residents of the province of Ontario who object to the goods and services tax. These petitions are mostly from Toronto.

Honourable senators, I have the honour to present petitions signed by 76 residents of the province of Ontario who object to the goods and services tax. These petitions are from Toronto, Mississauga.

[*English*]

That is a grand total of 438 very angry citizens who, as they write in their petition, deplore the bad effects of the GST on the sale of magazines, books and newspapers.

[*Translation*]

I am entitled to quote the petition.

[*English*]

> WHEREAS uninhibited dissemination of the printed word as a cornerstone of democracy, culture, education

and a literate and productive society will be negatively affected by GST application.

QUESTION PERIOD

GENERAL AGREEMENT ON TARIFFS AND TRADE

CURRENT NEGOTIATIONS ON ARTICLE XI—REQUEST FOR UPDATE

Hon H.A. Olson: Honourable senators, I would ask the Leader of the Government for an update on the current negotiations at GATT, whether in Brussels or Geneva. Perhaps, while he is commenting, he could tell us whether or not President Bush and Chancellor Kohl were able to do something to move these negotiations out of the impasse in which they seem to be.

Hon. Lowell Murray (Leader of the Government): Honourable senators, I do not have very much to add to what I said here last week. There is some reason to hope, as a result of Chancellor Kohl's meeting with President Bush, that the German Chancellor would use his best efforts, and not inconsiderable influence in the European Community, to try to effect a rapprochement between the positions of the United States and the EEC. Those discussions are continuing.

Senator Olson: Honourable senators, the GATT negotiations, everyone agrees, are hung up on the question of agricultural subsidies. Last week I was asking some questions about whether Article XI would survive in this situation.

I will make a short speech about that matter at some other time. I will not do it now.

EXPORT ENHANCEMENT SUBSIDIES—EFFECT ON CANADIAN PRODUCERS OF GRAINS AND OIL SEEDS

Hon. H. A. Olson: Honourable senators, today I am particularly interested in whether or not we can give any hopeful signals to the grain and oil seeds producers who have been suffering severely depressed prices because of the export enhancement subsidies that have been paid by both the European Economic Community and the United States. We are now at the beginning of the planting or seeding season for several crops, including oil seeds and grains. It would make a significant difference to the planting plans of producers if they had some indication as to what may happen when the time comes to sell the crop that will be planted in the next few days?

Hon. Lowell Murray (Leader of the Government): I am not sure what signal my honourable friend is seeking with regard to the question of agricultural subsidies. The other day, I thought I heard him suggest that the Dunkel text, as it affects the interests of the western grain producers, was unacceptable.

Senator Olson: It is unacceptable. We expected the Canadian government to advise the other countries represented at those meetings that this attempt to play off one group of producers in Canada against the others is unacceptable; in other words, it is unacceptable to say that we either accept the amended terms and conditions with respect to Article XI of the GATT, or you will not be able to effect any relief for the grains and oil seeds sector in the international market. It is up to the Canadian government to carry that message into those negotiations.

However, it is not my intention put the government or the Leader of the Government in the Senate on the spot with respect to that matter. What I am interested in is what producers can anticipate with respect to the 1992 crop of grains and oil seeds. I realise that no one can guarantee anything until the negotiations are complete.

Senator Murray: Honourable senators, early in March, the Canadian government made its position clear in writing with regard to the agricultural sector: market access, internal support programs, and export competition. We made our position quite clear on that, as we have been doing for some considerable time with regard to Article XI.

As I indicated last week, Prime Minister Mulroney had been in touch with both President Bush and Chancellor Kohl before their meeting in Washington. The objective that they all seek—a successful completion of the Uruguay Round—will not be possible unless the deadlock between the United States and the Europeans is broken.

Senator Olson: I take it from that that the minister is saying that producers in Canada, Australia, Argentina or wherever cannot look forward to any improvement. In other words, you do not have any specific indication that Canada or other countries are having any success in reconciling the differences between the European Economic Community and the United States respecting export enhancement subsidies?

Senator Murray: Honourable senators, there is widespread agreement in the world that these subsidies have almost grown out of control.

Senator Olson: That is right. I agree.

Senator Murray: The other day, I saw a figure that in the past 10 years production subsidies had increased by 30 per cent in the OECD countries and that they now amount to something like $300 billion U.S. This is clearly a distortion of markets and a terrible drain on taxpayers and consumers throughout the industrialized countries. We continue to work for the alleviation of that situation.

The honourable senator is aware of the quite reasonable and phased reductions that were proposed in the Dunkel text. The proposals with regard to those subsidies are reasonable and a good basis for negotiations. Mr. Mayer, the Minister of State for the Wheat Board, made many of these points at a meeting of OECD countries this week.

● (1420)

To come back to the reply I gave to the first question, we have some reason to believe that the discussions between President Bush and Chancellor Kohl will at least result in

some more intensive consideration by the Europeans as to their position. We believe that the Chancellor of Germany has an important role to play in Europe in effecting the kind of rapprochement between the Europeans and the United States that we all agree is desirable.

FISHERIES

DEPLETION OF COD STOCKS—FOREIGN OVERFISHING—GOVERNMENT POLICY

Hon. Eymard G. Corbin: Honourable senators, I should like to ask the Leader of the Government if this government—and, more particularly, the Prime Minister—intends to take any initiative now and not wait for the Brazil conference before intervening in the serious matter of cod depletion in the Northwest Atlantic which is caused, as the leader knows, by foreign overfishing—that is, critical overfishing. It is my personal view and the view of others in this house—and I am sure Senator Marshall would not mind endorsing my words—that something has to be done now. To wait much longer could cause even greater problems.

My question is: What is the Prime Minister now doing to put a stop to this serious matter of foreign overfishing that is well beyond allowable quotas by NAFO members and others?

Hon. Lowell Murray (Leader of the Government): Honourable senators, my honourable friend could not have missed the reports that have been issued, not only in the past few days but also over a period of months, detailing the initiatives that have been taken by the government and by various ministers, notably Mr. Crosbie, the Minister of Fisheries and Oceans, Mrs. McDougall, the Secretary of State for External Affairs, as well as the Prime Minister, to exercise whatever influence we can ande apply whatever pressures we can in the world community, in particular in Europe and, more particularly, on the Spanish and Portuguese to respect reasonable quotas.

Even the quotas set by the North Atlantic Fisheries Organization are not respected by the Europeans because the Portuguese and the Spanish feel free to ignore them. We are bringing to bear whatever diplomatic and political pressure we can on all of those countries to ensure some respect for the stock, which is really some enlightened self-interest on their part because we all lose from the abuse of those stocks and their depletion.

CONTINENTAL SHELF—POSSIBLE EXTENSION OF JURISDICTION

Senator Corbin: Honourable senators, those words are of little consolation to people who stand to lose their income this year, and they are a multitude. This is not a new situation; it has been developing for a number of years. A committee of this house, chaired by Senator Marshall and of which I was a member, waved the red flag on this issue some years ago. It seems that nothing has been done. Indeed, there were times when the fishing quotas were left standing as they were, thereby encouraging over- exploitation of the cod stocks. We are really concerned that the Minister of Fisheries and Oceans—inasmuch as he may be agitating—is not moving much in terms of forming governmental or public opinion. We are not making the headlines in Europe, as was the case with the seal harvest some years ago.

[Senator Murray.]

● (1430)

Surely something dramatic has to be done. The Prime Minister can call President Bush on this and that issue, and he can talk to Soviet leaders on this and that issue, which is good for world peace and neighbourly relations. Surely he can pick up the phone and talk to two or three people in other nation states and tell them frankly what he thinks of the situation. If they do not want to abide by the rules, then Canada, I think, should take the next logical move—that is, if things do not change fast, we should extend our fishing jurisdiction to the whole of the Continental Shelf, because that is what the problem is about.

Senator Murray: I appreciate the points made by the honourable senator but he is making a proposal for what he agrees would be a dramatic gesture, the efficacy of which is undetermined if other efforts fail. I want to assure him that all other efforts are being made and have been made within the past few days. The Secretary of State for External Affairs is meeting with representatives of the government of Spain to discuss this matter. The Prime Minister has been in touch personally with the representatives of the European Community as such, and with various European national governments on the matter.

The Prime Minister intends to place this issue front and centre at the G-7 meeting in Munich in July. Therefore all of the efforts that the honourable senator would expect the Canadian government to take in Canada's interests are, in fact, being taken and pressed vigorously.

NEWFOUNDLAND FISHING FLEET—PEACEFUL DEMONSTRATION—INTERNATIONAL IMPLICATIONS

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, my question is somewhat on the same subject but slightly different. At this moment I understand that a fleet of fishing trawlers from Newfoundland is heading out to the Grand Banks. While I think their intentions are purely peaceful, when ships are at sea there could easily be collisions, particularly if there is bad weather, which might be misunderstood as aggressive action. The situation has the potential for possible serious international implications for Canada. Has the government, through the military or through other means, taken any steps to try to ensure that there are no serious difficulties?

Hon. Lowell Murray (Leader of the Government): Honourable senators, the short answer to the question is yes. Mr. Crosbie indicated as much the other day. We do have the coastal patrols and they are available in the event that they are wanted or needed. Beyond that, I simply underline again that this is a nonviolent and peaceful demonstration on the part of the fishing industry, the fishermen, the union and the fishing companies in Newfoundland in an attempt to draw interna-

tional attention to the serious plight of the North Atlantic fishery.

AGRICULTURE

PRODUCERS OF GRAINS AND OILSEEDS—GOVERNMENT SUBSIDY—FORMULA FOR PAYMENT

Hon. H. A. Olson: Honourable senators, I have another question for the Leader of the Government in the Senate. Perhaps the minister would take notice of a question respecting the payment of the balance of the $700 million that the government indicated it would put up to subsidize the grains and oil seeds producers sometime either at or before seeding in 1992, I believe. I realize that an interim or preliminary payment has been made. However, at the time of that payment the producers were not aware of the terms and conditions or the formula that would be used for determining the payments. I wonder if the leader could find out now whether the formula has been fully determined and, if so, what is the amount based on that formula and when the final payment will be made?

Hon. Lowell Murray (Leader of the Government): I shall do so, honourable senators.

JUSTICE

COURT CHALLENGES PROGRAM—RESTORATION OF FUNDING—GOVERNMENT POSITION

Hon. Joyce Fairbairn: Honourable senators, I have a question for the Leader of the Government in the Senate. It goes back to questions that the Leader of the Opposition and myself asked a week ago concerning the Court Challenges Program, the funding for which was cut from the last federal budget. I wonder if the Leader of the Government, first, has received any indication from the Minister of Justice of what her response was to former Supreme Court Justice Bertha Wilson's letter concerning this matter and, second, has the minister himself presented the views of members in this house—indeed, I note that they are shared by all parties—about the restoration of funding for this unique and very successful program?

Hon. Lowell Murray (Leader of the Government): Honourable senators, I shall take an early opportunity to consult with my cabinet colleague, Miss Campbell, on this matter.

Senator Fairbairn: At the same time, honourable senators, perhaps the Leader of the Government could ascertain whether the Prime Minister himself was aware of the cutting of the funding for the Court Challenges Program, or perhaps this was one of those items that from time to time slides into a budget and passes unnoticed until it is actually made public.

Senator Simard: Nothing slides through.

Senator Fairbairn: Nonsense.

Senator Simard: Not on an important document like the budget.

Senator Fairbairn: I wonder if the leader could ascertain that?

Senator Murray: Honourable senators, I can only tell the honourable senator that there are very intensive discussions of policy preceding the presentation of a budget by the Minister of Finance. In addition, there are numerous and quite detailed briefings of the Prime Minister personally by the Minister of Finance and his officials prior to the presentation of a budget. I think the honourable senator must assume that the Prime Minister is fully aware and supportive of the policy and details of the budget.

Senator Olson: It is the consequences we don't know about.

Senator Fairbairn: Honourable senators, I would hesitate to make that assumption. I find it difficult to assume that the Prime Minister would be supportive of the removal of the court challenges program. It flies in the face of policy directions he has taken over the past several years. Certainly, the cost involved in comparison to the immense advance that was made through this program would make me hesitate to make that assumption.

Senator Murray: The assertions of the honourable senator are matters for debate.

Senator Olson: You did not know you would cause a recession.

[*Translation*]

FIRST MINISTERS CONFERENCE IN TORONTO

CONSTRUCTION OF HIGHWAYS—GOVERNMENT POLICY

Hon. Eymard Corbin: Honourable senators, I would like to ask the Leader of the Government in the Senate if he could give us more details today in response to the question I asked him last week regarding a highway construction and repair program promised further to the conference held in Toronto last week.

As I recall, in response to my question, the Leader of the Government in the Senate said that he did not have much information, much detailed information on the subject. Is he better informed today?

Hon. Lowell Murray (Leader of the Government in the Senate): Not today, honourable senators.

• (1440)

[*English*]

THE BUDGET

CANCELLATION OF SCIENCE COUNCIL OF CANADA—STATUS OF STUDY ON SUSTAINABLE AGRICULTURE

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, my question is to the Leader of the Government in the Senate. In the budget the government cut out a whole series of councils and advisory bodies to the government. One of them was the Science Council of Canada.

Some two years ago the Science Council of Canada undertook a profound and serious study of Canada's sustainable

agriculture. It was a very serious study looking into the future of agriculture. My honourable friend knows how important this field of activity is for Canadians; it is important, not only for those engaged in agriculture, but with respect to the food that Canadians eat.

Could the leader tell us where that study now stands? With the cancelling of the Science Council, will the work that has already gone into the study be completed? Will we be getting the results of the money already spent? What is the program?

Hon. Lowell Murray (Leader of the Government): Honourable senators, I will try to bring in a report in the next few days as to the status of projects that were under way, not only at the Science Council but at other councils such as the Economic Council of Canada, when the decision to wind down those bodies was announced.

PUBLIC WORKS

EXCLUSION OF MARITIME FIRMS FROM CONSTRUCTION OF FIXED LINK—GOVERNMENT POSITION

Hon. John M. Forrestall: Honourable senators, I wonder if I might ask the Leader of the Government in the Senate a very broad, general question at this time and serve notice that it will be a matter of continuing concern, not only to myself but I am sure to other maritime senators, particularly those from Nova Scotia, New Brunswick and Prince Edward Island.

There were reports in the Atlantic press this morning that, given the present course of events, the awarding of tenders—I am not sure of the appropriate term at this point—tenders or letters of understanding with expressed interest in building a fixed link between New Brunswick and Prince Edward Island will lead to a virtual exclusion of access to employment opportunities and material supply for Maritimers.

I am asking the Leader of the Government in the Senate whether or not he can give us some indication that the government is aware of the concerns expressed by responsible leading groups in Atlantic Canada, particularly in the Maritimes, with respect to this matter. If he is, perhaps he could respond. If he is not, perhaps he could alert himself to the situation and seek some counsel from his colleagues in government so that we might be reassured that, in the future, a maximum rather than a minimum beneficial outcome will accrue to maritime entrepreneurs, businessmen, engineers, environmentalists and all of the people who will be involved in such a massive undertaking.

To say the least, I say to the leader and colleagues, the news this morning and the questions raised over the weekend were quite startling.

Hon. Lowell Murray (Leader of the Government): Honourable senators, I must confess that I have not seen the reports to which my honourable friend refers, nor do I understand the basis on which those fears could be engendered—fears, if I understand the honourable senator correctly, of an exclusion of maritime contractors from the work of building a fixed link.

[Senator Molgat.]

We believe that construction could start as early as this calendar year. I do not understand the basis upon which those fears could have been engendered. I will ask for a report from my colleague, the Minister of Public Works, and bring it in as soon as possible.

Senator Forrestall: Honourable senators, perhaps I could suggest to the leader that the fears are expressed primarily on the basis that the three contenders have no significant or substantial maritime base whatsoever, but rather are from central and other parts of Canada. I have no comment with respect to the validity of the concerns that are expressed. However, because they are not from Atlantic Canada, responsible Atlantic Canadians are now raising some views that are alarming, to say the least.

I would hope that the leader could, at an early opportunity either later this week or next week in response to this question or from some other platform, express the hope of the government itself that maritime businessmen and entrepreneurs will have, to the degree that it is possible, some resolution, some indication, some message, some signal that maritime businesses and the engineering community will in fact benefit from this massive undertaking.

I appreciate the Minister's response and I hesitate to pursue it any further. I recognize that perhaps he has not had an opportunity to read the comments in the press this morning.

Senator Murray: Honourable senators, I accept the representations of the honourable senator. He will not be surprised to know that I agree with them.

One of the objectives in encouraging work towards a fixed link to Prince Edward Island is precisely to generate the economic activity in the maritime provinces that that region is lacking at the moment. We see tremendous opportunities for existing and future, yet-to-be-created, enterprises in the maritime provinces in this project. There are opportunities within the Atlantic Canada Opportunities Agency and its mandate to encourage local industry to be in a position to benefit from the fixed link construction, even to the point of designating a particular geographical area and bringing special measures, special government incentives, to bear in that area for that purpose. We are not without tools of our own, and the provincial governments are not without tools of their own, to ensure that local business in that region benefits to the maximum extent from this project.

Having said all that, I will ask for some more formal assurances on the matter from my colleague, Mr. MacKay.

NORTH AMERICAN FREE TRADE AGREEMENT

DRAFT REPORT—DISTRIBUTION OF TEXT—GOVERNMENT POSITION

Hon. Gildas L. Molgat (Deputy Leader of the Government): Honourable senators, last week I asked questions regarding the distribution of the draft report on the Canada-Mexico-U.S. trade deal to the provincial premiers. I asked who had received it, who had not and when.

If the responses are in delayed answers to oral questions, I will wait.

● (1450)

Hon. Lowell Murray (Leader of the Government): The Deputy Leader of the Government has a reply to that question in the Delayed Answers.

DELAYED ANSWERS TO ORAL QUESTIONS

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, I have three Delayed Answers to Oral Questions, all on the North American free trade agreement. Two questions were asked on March 19, one by Senator Marsden regarding provincial consultations, the other by Senator Bonnell on government policy regarding briefing for parliamentarians, and one question was asked March 24 by Senator Molgat on the draft report and its availability.

NORTH AMERICAN FREE TRADE AGREEMENT

BRIEFINGS FOR OPPOSITION MEMBERS—GOVERNMENT POLICY

(*Response to question raised by Hon. Lorna Marsden on March 19, 1992*)

The Government has regularly consulted with provincial representatives. On a formal level, since the launch of negotiations last June, there have been three meetings of federal-provincial trade ministers, at which NAFTA was discussed. The federal-provincial committee of officials on NAFTA met 11 times during that same period. All provinces were also provided copies of the draft NAFTA text through their ministers for trade and received detailed briefings on the document.

In addition, there have been more informal consultations. The chief negotiator has regularly briefed the provinces on the outcomes of ministerial level NAFTA negotiations, and has chaired separate sessions on particular issues, such as services, agriculture and autos, for example. Provincial officials have also worked directly with members of the negotiating team on issues of particular interest to them.

The following is a schedule of meetings held with provincial representatives since the NAFTA talks formally began.

NORTH AMERICAN FREE TRADE AGREEMENT

Chronology of Provincial Consultations

DATE	DESCRIPTION OF EVENTS
08/05/91	1st Meeting of Federal-Provincial Committee of officials on NAFTA chaired by John M. Weekes—Ottawa
06/06/91	2nd meeting of the Federal-Provincial Committee of officials on NAFTA chaired by John M. Weekes—Ottawa
12/06/91	1st ministerial meeting on NAFTA—Toronto
13/06/91	Conference call on the First Ministerial Meeting for NAFTA
04/07/91	3rd meeting of the Federal-Provincial Committee of officials on NAFTA chaired by John M. Weekes—Ottawa
17/07/91	Federal-Provincial meeting of Trade Ministers—Ottawa
23/07/91	Meeting in Québec City with Québec Government officials on Services
31/07/91	Meeting in Toronto with Ontario Government officials on Services
01/08/91	Meeting with Western Provinces officials in Calgary on Services
14/08/91	4th meeting of the Federal-Provincial Committee of officials on NAFTA chaired by John M. Weekes—Ottawa
15/08/91	Meeting with Atlantic Provinces officials in Ottawa on Services
18-20/08/91	Second NAFTA ministerial meeting - Seattle
22/08/91	Conference call chaired by John M. Weekes on the second ministerial meeting for NAFTA
10/09/91	Meeting of Working Group of officials on NAFTA on Agriculture
27/09/91	5th meeting of the Federal-Provincial Committee of officials on NAFTA chaired by John M. Weekes—Ottawa
15/10/91	Conference Call chaired by John M. Weekes—Debriefing provinces on chef negotiators meeting—October 9-10, 1991
25-28/10/91	Third NAFTA ministerial meeting—Zacatecas, Mexico
01/11/91	Conference call chaired by John M. Weekes—Debriefing provinces on chief negotiators meeting—October 26-27, 1991 in Zacatecas
18/11/91	Meeting of officials on Autos—provinces; Ontario; Québec; British Columbia; Manitoba; Nova Scotia
19/11/91	6th meeting of the Federal-Provincial Committee of officials on NAFTA chaired by John M. Weekes—Ottawa
06/12/91	Federal-provincial meeting of trade ministers
13/01/92	Dinner meeting on Autos—Nova Scotia; British Columbia; Ontario; Québec; Manitoba
14/01/92	7th meeting of the Federal-Provincial Committee of officials on NAFTA chaired by John M. Weekes—Ottawa
23/01/92	Conference call chaired by John Weekes with provinces—briefing on chief negotiators meeting January 16-17, 1992
24/01/92	Conference call chaired by John Weekes with Québec, Nova Scotia, Ontario and British

	Columbia—debrief on automotive discussion at chief negotiators meeting—January 16-17, 1992
30/01/92	Dinner meeting on autos with Nova Scotia, Ontario, Québec, British Columbia, Manitoba
31/01/92	8th meeting of the Federal-Provincial Committee of officials on NAFTA chaired by John M. Weekes—Ottawa (distribution of draft NAFTA text)
11/02/92	9th meeting of the Federal-Provincial Committee of officials on NAFTA chaired by John M. Weekes—Ottawa
9-10/02/92	NAFTA ministerial meeting—Chatilly, Virginia
14/02/92	Consultation on services with Ontario officials
12/02/92	Federal-provincial meeting of trade ministers
12/02/92	Consultation on services with Québec officials
27/02/92	10th meeting of the Federal-Provincial Committee of officials on NAFTA chaired by John M. Weekes—Ottawa (distribution of draft NAFTA text)
17/03/92	Conference call—chair John M. Weekes—debrief of chief negotiators meeting—March 4-5, 1992
31/03/92-01/04/92	11th meeting of the Federal Provincial Commitee of officials on NAFTA chaired by John M. Weekes—Ottawa

NORTH AMERICAN FREE TRADE AGREEMENT

DRAFT REPORT—AVAILABILITY OF TEXT—GOVERNMENT POSITION

(*Response to question raised by Hon. Gildas L. Molgat on March 24, 1992*)

Drafts are released to all provinces at the same time during the meetings of provincial and federal trade officials. Texts have been distributed twice since formal NAFTA negotiations began (January 31, 1992 and February 27, 1992).

Premiers, cabinet ministers and other necessary officials have access to the drafts. The drafts and briefings are given under conditions of secrecy—a need to know basis.

The draft text Premier Filmon referred to on March 19, 1992 was the one resulting from the week of February 21, 1992—Canada-U.S. Dallas meetings.

The "Dallas" draft was provided to the Premier and all other provinces on February 27, 1992, through provincial trade officials.

NORTH AMERICAN FREE TRADE AGREEMENT

BRIEFINGS FOR SENATORS—GOVERNMENT POLICY

(*Response to question raised by Hon. M. Lorne Bonnell on March 19, 1992*)

During the autumn and winter of 1990, the Standing Committee on External Affairs and International Trade of the House undertook detailed hearings on the NAFTA, with the full participation of the previous minister for International Trade and his officials. Since the launching of the negotiations, the Minister for International Trade met with the Trade Sub-Committee of the Standing Committee on External Affairs and International Trade on February 12. Canada's Chief Negotiator provided a further briefing to this same Sub-Committee on March 19. Moreover, on Monday, March 30, Chief Negotiator Weekes met with the Canadian Parliamentary delegation to the Canada-United States Inter-Parliamentary Group which includes both Members of Parliament as well as Senators.

Mr. Weekes has also agreed to appear before the Senate Foreign Affairs Committee. This meeting has tentatively been scheduled for Tuesday, April 7, 1992.

[Senator Lynch-Staunton.]

BUSINESS OF THE SENATE

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, before proceeding to government business, we should all be reminded that Bill C-32 is now subject to allocation of time. Under the rules, once the debate starts, it must proceed without interruption for up to six hours. There can be no adjournment. That means that if we were to call Bill C-32 right now, one of the senators intending to speak on the bill, Senator Perrault, would not have the opportunity to do so. However, I know Senator Fairbairn wishes to speak also.

Hon. Joyce Fairbairn: I am ready to proceed at any moment.

Senator Lynch-Staunton: Senator Fairbairn was ready to speak on Thursday, and she is still ready to speak.

May I suggest that we call the bill tomorrow, which will allow both Senator Fairbairn and Senator Perrault to speak. We can call it at about this time. If we need the six hours, we will use up the six hours. It is important to note, however, that if we agree to postpone debate until tomorrow, the vote will take place tomorrow. It will not be deferred. I leave that for discussion and decision.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, I have had a discussion with the Deputy Leader of the Government in this regard. I pointed out to him that Senator Perrault, who comes from one of the affected provinces, could not be here today. As you know, coming from British Columbia means leaving the day before. I suggested to the deputy leader that, instead of calling it today, if we could call it tomorrow, that would allow Senator Perrault to speak. I thank him for agreeing to that. I know of no other speakers on

our side, so I see no problem in finishing tomorrow. It is certainly not my intention to call for a deferred vote.

THE ESTIMATES, 1991-92

REPORT OF NATIONAL FINANCE COMMITTEE ON SUPPLEMENTARY ESTIMATES (C) ADOPTED

On the Order:

Resuming the debate on the motion of the Honourable Senator Bolduc, seconded by the Honourable Senator Grimard, for the adoption of the Eighth Report of the Standing Senate Committee on National Finance (Supplementary Estimates (C) 1991-92), presented in the Senate on 25th March, 1992.

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, I move the adoption of the report.

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

Hon. Senators: Agreed.

Motion agreed to and report adopted.

NORTHWEST TERRITORIES ACT

BILL TO AMEND—THIRD READING

Hon. Noel A. Kinsella moved the third reading of Bill C-64, An Act to amend the Northwest Territories Act.

Motion agreed to and bill read third time and passed.

APPROPRIATION BILL NO. 4, 1991-92

SECOND READING

Hon. John Lynch-Staunton (Deputy Leader of the Government) moved the second reading of Appropriation Bill No. 4, 1991-92.

He said: Honourable senators, the bill before us today is Appropriation Bill No. 4, 1991-92, which provides supply for all of Supplementary Estimates (C) for 1991-92. The final Supplementary Estimates for this year total approximately 1.177 billion voted dollars, while statutory expenditures are decreased by $504 million, for a net increase of $673 million. This brings the total tabled Estimates for 1991-92 to $161.3 billion. Supplementary Estimates represent approximately 2.1 per cent of the Main Estimates levels for the year.

These Estimates were tabled in the Senate on March 17, 1992, and were immediately referred to the Standing Committee on National Finance. Treasury Board officials appeared before that committee to answer questions on these Estimates on March 19, 1992. Senator Bolduc gave highlights of the committee's report last Thursday, and now we are being asked to approve $1.145 billion in budgetary expenditures, which is within the government's previously announced expenditure framework. Major items include $769 million for Agriculture Canada for reimbursement of the 1990-91 wheat and barley pool account deficits, and $63 million additional payments for legal aid and young offender contributions.

Revisions to the cost projections of certain statutory programs are also included in these Estimates. These revisions are primarily based on changes to economic assumptions and demographic factors. Major items include: a $1 billion increase in Established Programs Financing transfers to the provinces for health care and post-secondary education; $232 million in additional payments under the Canada Assistance Plan; a reduction of $473 million in anticipated transfers to seniors resulting from lower inflation rates; and, as a result of lower interest rates, a reduction of public debt charges in the amount of $1.7 billion.

There are some 52 $1 votes in these Supplementary Estimates. A listing of these votes containing additional explanations for the 17 miscellaneous votes have been provided to members of the committee.

[*Translation*]

Hon. Fernand Leblanc: Honourable senators, I would like to say a few words on Bill C-65.

Like Senator Lynch-Staunton said, this bill was referred to the Standing Senate Committee on National Finance. It was recently brought back to Senate with all the necessary annex. Those were provided in particular by Treasury Board, which I want to thank for having given us the information that we requested regarding expenses or votes on an item of one dollar and also other votes to reestablish vote no. 5.

On Friday, through Senator Bolduc, we provided the details of our study on these Supplementary Estimates, the last ones for this year, and we have—

Hon. Lowell Murray (Leader of the Government in the Senate): Honourable senators, I apologize for interrupting Hon. senator Leblanc, but it seems to me that the simultaneous translation system does not work. My colleagues on this side of the House are complaining that they are not getting the English translation of the hon. senator's speech. I understand that the system is now working.

Honourable senators, I think it is because my pile was too thick and may prevented the interpretors from hearing my voice.

As I was saying, this is the last supplementary supply for the year ending on March 31, 1992 that the Committee on National Finance reviewed thoroughly. The Committee has received answers to all the questions asked by the senators that were present. In particular, we insisted on getting answers to the votes of one dollar that are mostly transfers between certain items of the same department. We also discussed vote no. 5 in particular, that we must refund. But now that the fiscal year will end, the monies remaining under that vote will automatically be erased and there will be a repeat for the year 1992-93.

I want to thank in particular the Treasury Board, which has provided us, as you have seen in the Debates, all the additional documents that we asked for sometime ago, in order to better understand the votes that we have to deal with. The Committee itself did not raise any particular issues. It did not ask us not to table the report. So, we have tabled the report. It may

be that the content of this report did not get absolute approval from all senators. However, we must point out that it is a very good report. I am very proud of it and I thank you.

● (1500)

[*English*]

Motion agreed to and bill read second time.

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

On motion of Senator Lynch-Staunton, bill placed on the Orders of the Day for third reading at the next sitting of the Senate.

APPROPRIATION BILL NO. 1, 1992-93

SECOND READING

Hon. John Lynch-Staunton (Deputy Leader of the Government) moved the second reading of Bill C-66, for granting to Her Majesty certain sums of money for the public service of Canada for the financial year ending the 31st March, 1993.

He said: Honourable senators, Appropriation Bill No. 1, 1992-93, provides interim supply for the first three months of the new fiscal year. The 1992-93 Estimates were tabled in the Senate on February 27, 1992, and immediately referred to the Standing Senate Committee on National Finance.

This appropriation bill contains $13.988 billion of "voted" items which are required to meet government expenditure requirements to the end of June while the Main Estimates are being reviewed by the various committees. A second appropriation bill will be tabled prior to June 30, 1992, to secure release of the balance of the Estimates.

This bill contains a general proportion of three-twelfths of all votes, plus additional proportions for some 35 votes. The additional proportions are required mainly to meet payments of a seasonal nature in some programs, to meet payments in accordance with certain agreements, and the need in other instances to make major payments before the end of June.

I should point out that, as usual, in no case is Parliament being asked to pass the entire amount of a vote.

[*Translation*]

Hon. Fernand-E. (Saurel) Leblanc: Honourable senators, Bill C-66 derives of course from the recently tabled budget which has already been referred for consideration to the Committee on National Finance but because of work already underway that had to be finished first, we have not yet started considering the new budget. However, we are trying to schedule an initial meeting with the minister for this Wednesday to kick off our review of the budget.

Of course, no objection can be raised to Bill C-66 since it is customary for the federal government to request some appropriation to be granted as soon as possible so that cheques can be issued and to ensure the continued operation of this country's finances.

So, once the Committee on National Finance has considered the new budget in full, we will gladly report back to you.

[Senator Murray.]

Motion agreed to and bill read the second time.

On motion of Senator Lynch-Staunton, bill placed on the Orders of the Day for third reading at the next sitting of the Senate.

[*English:*]

BORROWING AUTHORITY BILL, 1992-93

SECOND READING—DEBATE ADJOURNED

Hon. C. William Doody: moved the second reading of Bill C-61, to provide borrowing authority for the fiscal year commencing on April 1, 1992.

He said: Honourable senators, I have just a few words to say at the second reading stage of the borrowing bill, Bill C-61. Under this bill, the government is requesting authority to borrow a total of $24.7 billion for the 1992-93 fiscal year.

Let me briefly summarize the highlights of the bill. It includes the three standard elements of most borrowing authorities: the financing authority to cover financial requirements for 1992-93; an amount to cover Exchange Fund Account earnings; and a contingency reserve. There are a number of technical changes to link the borrowing authority provided by the bill more closely to the fiscal year requirements, and a provision for an additional borrowing authority of $3.9 billion to cover borrowings conducted in fiscal year 1991-92 under section 47 of the *Financial Administration Act:*. Some of these measures bear some elaboration.

Bill C-61 provides for authority to cover the government's anticipated requirement for borrowings to meet the financial requirements that were reported in the recent budget. There is also a provision in the bill to cover Exchange Fund Account earnings. These earnings are retained in the Exchange Fund Account and are therefore not available to fund general government operations.

● (1510)

The $3 billion reserve provides for unforeseen contingencies related to foreign exchange transactions, seasonal swings in borrowing requirements, and delays in passing next year's borrowing authority act. I might mention that this figure of $3 billion is the same amount requested in the last five borrowing authority bills.

I referred a moment ago to an additional provision in this year's bill to cover the refunding of bills issued in 1991-92 under section 47 of the *Financial Administration Act:* up to a cap of $3.9 billion. If the government were to issue less than the $3.9 billion requested, the residual would be deducted from the 1992-93 authority. The 1989 act had a similar provision but without the cap.

The government's financial requirements for 1991-92 increased by $5.9 billion, as reported in the budget. Along with the $3 billion contingency reserve already provided, the government is asking through this bill for $3.9 billion of additional borrowing authority. This includes a $1 billion reserve against uncertainties associated with factors such as foreign exchange transactions. If Bill C-61 did not contain this clause, refundings of 1991-92 bills issued under section 47 authority

would be charged against regular 1992-93 borrowing authority, even though the money was raised in this fiscal year.

Let me briefly highlight the technical changes in the legislation. In 1992-93, borrowing authority may only be used after the 1992-93 fiscal year begins. The borrowing authority covers the full fiscal year beginning April 1. This ensures refunding authority for the securities maturing in fiscal 1992-93 but before this bill receives Royal Assent.

Any unused borrowing authority under this bill over $3 billion will be cancelled on March 31, 1993. This preserves the government's nonlapsing reserve into the next year in the event that new borrowing authority is not provided before the beginning of 1993-94.

The similar $3 billion reserve granted in last year's borrowing authority would be cancelled, either on March 31 of this year or on the date that Bill C-61 comes into force, whichever date is later. This standard provision ensures that the $3 billion reserve cannot be carried forward after a new borrowing authority bill comes into force. However, because the government has been operating under section 47 of the *Financial Administration Act:* since the end of January, this provision will have no significant impact this year.

I would also like to provide the chamber with a brief status report on the government's debt operations for 1991-92 up to the end of January. About $26.8 billion in net new market debt has been issued so far this year under the domestic debt program. Marketable bonds accounted for $14 billion of this total, and 78 per cent of these were sold at auction. This has proved to be a cost-effective method of distributing bonds. By the end of January, the sale of Treasury bills had raised $10.25 billion in new funds.

Also, last fall's Canada Savings Bond campaign, with bonds bearing interest at 7 and a half per cent, resulted in total sales of $9.6 billion. This was an increase of $2.9 billion from last year. Once the CSBs matured or redeemed in that period were taken into account, the campaign yielded a net amount of about $3.5 billion. Taking into account all redemptions so far in the fiscal year, the stock of CSBs outstanding has increased by about $2 billion. Canada Savings Bonds represent more than 10 percent of federal market debt outstanding.

Honourable senators, it is my intention to refer this bill to the Standing Committee on National Finance at the appropriate time. I am sure that the officials who appear at that committee hearing will be only too pleased to answer any technical questions honourable senators might have.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, I move the adjournment of the debate.

On the motion of Senator Molgat, debate adjourned to the next sitting of the Senate.

MOTOR VEHICLE SAFETY BILL

SECOND READING—DEBATE CONCLUDED

On the Order:

Resuming the debate on the motion of the Honourable Senator Oliver, seconded by the Honourable Senator Di Nino, for the second reading of Bill S-8, An Act to regulate the manufacture and importation of motor vehicles and motor vehicle equipment to reduce the risk of death, injury and damage to property and the environment.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, Senator Oliver moved this bill and Senator Graham spoke to it on our behalf. I would just like to add a few comments which I think are important in this particular case, following upon Senator Graham's words.

Bill S-8 bill originates here in this house. It has had no study in the House of Commons, and so it is very important for us to do the basic study on this bill in depth, and then to send it to the House of Commons with any necessary proposed changes included in it. That means we must be prepared to spend time on the bill to ensure that we obtain input from all possible interested parties.

We have been trying to identify the parties who might have an interest or who could give us some valuable information in this regard. In general terms, I can think of, for example, the automobile manufacturers themselves, and there are a number of them in Canada; the labour unions involved in the automotive industry; the Canadian Automobile Association, which represents many of the automobile users in Canada, may have views on this; consumer groups who may have a different view on what we are trying to do with this bill; environmental groups who have an interest in emission controls in particular; and safety agencies who have a general interest. I believe there is also a particular safety agency dealing with highway safety.

I think it is important that we advise these people that the bill is before us, that the main study will be done here in the Senate, and invite them to look at the bill and let us know whether they wish to appear before our committee.

We have asked the Library of Parliament to identify for us some particular groups who might have something to say. I have given you the general terms. The Library of Parliament recommends some very specific groups. For example, STOP, which is a 22-year-old citizens' environmental group based in Montreal who have played a leading role in the area of motor vehicle air pollution control. Another one is the Canadian Acid Rain Foundation. This group is very much concerned with motor vehicle emissions and the prevention of SO_2 release and ground level ozone formation.

The Library advises us that, through their sister organization in the United States, they are up to date on current American Legislation. They are interested in the potential implications of harmonized Canada-U.S. legislation.

Another group recommended is the Windsor & District Clean Water Alliance. Although the title might lead you to believe that this is an environmental group interested only in water safety, they are also very much involved in motor vehicle issues.

Those are some of the specific and the general groups. We do not want, by any means, to add more burden to the Transport committee which already has a pretty heavy load on its deck, but since we are the first to deal with the bill, it is very important that we do a very good job on it and that we contact all of these groups.

I suggest we distribute the bill widely to these groups, if that has not already been done, and give them sufficient time to look at it so that they are not rushed into coming to us with their recommendations. I would hope that when we are finished with the bill, we will send to the House of Commons a perfect package, a package that they will have no reason to question or to change, and which would be to the credit of the Senate. I know we can do it. We have done it before. However, we need to give ourselves the time and the resources to do it. That is my recommendation.

The Hon. the Speaker *pro tempore:* I wish to inform the Senate that if the honourable Senator Oliver speaks now, his speech will have the effect of closing the debate on the motion for second reading of the bill.

● (1520)

Hon. Donald H. Oliver: Honourable senators, I appreciate the remarks of Senator Molgat. The remarks could be repeated when the bill goes to the Committee on Transport and Communications in order that the chairman of the committee can consider the views of all members of this chamber as to who ought to be brought forward to give some assistance and to make representations on the bill. Your general suggestion of having the bill widely circulated is a very good one and I am sure that the chairman of the committee will take that into consideration.

Motion agreed to and bill read second time.

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

REFERRED TO COMMITTEE

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

CANADIAN ENVIRONMENTAL ASSESSMENT BILL

SECOND READING—ORDER STANDS

On the Order:

> Resuming the debate on the motion of the Honourable Senator Ottenheimer, seconded by the Honourable Senator Ross, for the second reading of Bill C-13, An Act to establish a federal environmental assessment process.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): I understood that this was adjourned by the honourable Senator Kenny. He is presently on an official trip with one of the committees but I believe that he had the agreement of the mover of the bill that it would be left in his name until his return, which I think will be on Wednesday or Thursday at the very latest. Anyone who wishes to intervene, of course, is quite welcome to do so.

Order stands.

[*Translation*]

THE BUDGET

STATEMENT OF MINISTER OF FINANCE—DEBATE CONTINUED

On the Order:

> Resuming the debate on the inquiry of the Honourable Senator Murray, P.C., calling the attention of the Senate to the Budget presented by the Honourable Don Mazankowski, P.C., Minister of Finance.

Hon. Jean-Maurice Simard: Honourable senators, the pleasure and satisfaction of talking about the government's budgetary measures increase year after year, because I realize more and more, like the Canadian public, that the direction it gives to the economy since it took office in 1984, is proving to be right, profitable and far-sighted. It is clear that this government did away long ago with short term solutions.

We said many times that the federal government's deficit had to be contained. Gone are the years where current account spending exceeded revenues, something which generates deficits and borrowing to be repaid by our children. To borrow to invest is understandable, but to borrow to buy your daily bread is unacceptable. How could we, with a clear conscience, ask future generations to pay, for example, for health care we were providing today.

We are seeing the fruit of the Mulroney government's efforts and we can now envision the day when our federal budget will be fully balanced and we will be able to start repaying the debt left over by Liberal governments.

[*English*]

This budget has been well received by the population, by the business community, by the financial institutions, by many groups and by the press. On the front page of the *Globe and Mail*, readers could see "Budget Gives Taxpayers a Break". The front page of the Telegraph Journal read, "PCs Deliver Good News Budget".

[*Translation*]

L'Acadie nouvelle was saying: "Mazankowki makes some people happy".

[*English*]

I do not recall such a positive and almost unanimous reaction to any federal budget. In my opinion this proves that the population recognizes the necessity for fiscal restraint as it has been implemented by this government.

[*Translation*]

The New Brunswick Finance Minister, a Liberal cabinet minister, the honourable Maher, (this should be of interest to Senator Corbin) also applauded to the initiatives put forward in this budget, and I want to point out his support in particular.

By the way, it should be noted that, as regards tax matters at least, the province of New Brunswick and the federal government are on the same wavelength.

Honourable senators, we must recognize that the reason this budget is so widely supported is that it is based on the consultation process put in place by the government and that it accurately reflects the advice received during those consultations carried out over a period of nine months in which participated Canadians from all walks of life.

Canadians want realistic, lasting solutions. Government responded by maintaining its policy of looking for long-term solutions instead of depending on sporadic programs and capital expenditures to create temporary jobs.

The Canadian people recognize the need also to control expenditures and cut the deficit. Government responded by cutting spending once more for the current fiscal year and committed to continue over the next five years, with no corresponding cut in services. Defence spending is cut for instance.

Canadians also want—they told us so—a more efficient government. So, this budget responds to these demands for a streamlined government. As a matter of fact, measures have been announced to either privatize, eliminate or consolidate 46 government organizations.

Canadians also want assurances regarding training to be prepared to meet tomorrow's job requirements. Among other things, additional assistance is provided to post-secondary students. The Canadian people feel that we should assist Canadians with disabilities, and the federal budget contains specific measures for them.

Canadians have often formulated the wish that social programs should better meet basic needs and be targetted at the most needy people. The Budget is a social investment. It proposes the most important reform in social benefits of the last ten years. The new system is geared to family and children, and it is targetted at those whose income is the lowest. Benefits could reach $144 per month and per child, which represents $1,733 per year.

Canadians wanted a tax reduction, and the Budget provides precisely that: a reduction of the 1 per cent surtax as of January 1994.

So, The Budget was well received because it meets the legitimate expectations and wishes of Canadians.

Even if the government did not accept the suggestions made by the NDP and the Liberal party to invest massively in public works to stimulate the economy, as was done in the past, the present government recognizes existing needs and is willing to participate in necessary and viable projects. I can think of the fixed link with Prince Edward Island, as well as the will of the Mulroney government, as the Progressive Conservative members and senators from New Brunswick were hoping, to negotiate an arrangement with our province to repair the Trans-Canada highway. I am convinced that Senator Corbin will be pleased to hear, once again, about this will to proceed as quickly as possible, since he made a request to that effect last week and, I believe, earlier today.

This ambitious project to repair the Trans-Canada highway in New Brunswick, which could cost as much as $2 billion, will have a considerable economic impact, both in the short and long terms. The benefits of that project will be felt by the provincial contractors, as well as the provincial and national travelling publics.

The government wants first to ensure that any new project will have a real economic impact.

Economic recovery may have seemed, and indeed was, slow but Canada is not the only country in that situation. However, we will come out of it stronger than ever, and for a long time, thanks to the measures implemented. The progressive reduction of the surtax and the increase from 25 to 30 per cent of the capital cost allowance rate for manufacturing and processing machinery will pump millions of dollars into the economy in the years to come.

Unless one is totally partisan, it must be recognized that the government has succeeded very well in bringing interest and inflation rates, as well as the Canadian dollar, to more favourable levels. These essential elements of the economic recovery are now giving the Canadian industry a chance to be more competitive on international markets. Results are bound to follow, in fact, more than 500,000 jobs are expected to be created this year.

● (1530)

[*English*]

Senators, it is not by throwing massive sums of money around that economic prosperity is achieved in the long run; these solutions are of the past and belong to the past. We just cannot borrow to satisfy our needs and ask our children, future generations, to pay for luxuries afforded ourselves.

That policy advocated by the Official Opposition and its political and traditional allies, the NDP, is a policy of the past and can only result in the "one step forward - two steps backward" tune. Other half-baked policies of the Official Opposition such as the fact that a future potential Liberal government would renegotiate the free trade agreement and would chop the GST are irresponsible solutions that could only lead to economic instability for our manufacturing sector as well as to greater costs for all Canadian retailers.

Senator Molgat is taking notes, and I am sure he will remind his party that—

Senator Molgat: That is exactly what I am doing.

Senator Simard: —the Canadian electorate deserves better alternatives from the Olsons, MacEachens, Andre Ouellets, Jean Chrétiens and others, the same people who were ministers in years-gone-by Liberal governments, who are the present Liberal Party thinkers and who are aspiring to form this "new" future Liberal government.

[*Translation*]

The Leader of the Liberal Party, Jean Chrétien, told us a few days ago that he was tired of the constitutional debate and did not want to talk about it anymore.

Honourable senators, that eloquently shows how limited his perception is. Does he not know that the climate of political uncertainty directly influences those who have a major role to play in the economic recovery?

Does he not know that the constitutional question must be resolved as soon as possible for the sake of Canadians' welfare and prosperity? Realistic Canadians know very well that we must keep on talking about the constitutional question until it is resolved favorably.

I for one hope that Mr. Chrétien's recent statement will be beneficial because it will at least help to remind us that he and his party were largely responsible for the constitutional fiasco in 1981 and the death of the Meech Lake Accord ten years later.

Honourable senators, in this debate, I cannot overlook the position taken by the Premier of Ontario. What a change of attitude from his predecessors! They were recognized as mediators on the national scene, pillars of federalism. They were eager to help the other provinces through Ontario's contribution to the federal government's distribution system. Unfortunately, the policy has changed.

Now the Premier of Ontario and his government talk about what they can get out of the federal government. Of course Ontario has some difficulties but they are no more serious than those that the Atlantic provinces or some Western provinces have had for many years. The recession has hit the United States, we agree, and that is part of our problem. However, we cannot blame the President of the United States for all our problems—we all know that.

That is why our government has preferred to implement new policies and new directions for future prosperity. Old remedies that have been taken out of mothballs or the unproven remedies of the Liberals and the NDP's complaints do not provide the solutions needed for today's problems.

When Premier Bob Rae of Ontario was asked whether he would apply to recipients of his transfer payments the same policy that the federal government was applying to the provinces, he answered, "We can't pass pass on something we don't have." Well, Mr. Rae, neither can the federal government increase its transfer payments since it cannot afford to. The Ontario premier talks about a social charter without knowing what it might cost!

Mr. Rae should do what his colleagues in the other provinces and the federal government are doing, namely rein in his province's spending.

Honourable senators, I will not list or read out all the measures contained in the 1992 Budget. You had an opportunity to find out about them in the media and in the documentation made available to you.

[Senator Simard.]

I will therefore conclude by repeating my enthusiasm and my satisfaction at reporting on the progress made in managing the federal finances since 1984 and pointing out how successful this management has been.

The policies in place, the fight against inflation which has been partly, if not fully, won, affordable interest rates for long-term investments, sounder national finances, a Canadian dollar at a more competitive level, are all ingredients of a recipe that will certainly lead to an economic recovery that will create jobs and prosperity for all Canadians. Thank you, honourable senators.

On motion of Senator Molgat, debate adjourned until next sitting of the Senate.

[*English*]

CANADA DEPOSIT INSURANCE CORPORATION ACT

BILL TO AMEND—BANKING, TRADE AND COMMERCE COMMITTEE AUTHORIZED TO CONDUCT PRE-STUDY

On the Order:

> Resuming the debate on the motion of the Honourable Senator Simard, seconded by the Honourable Senator Doyle:
>
> That the Standing Senate Committee on Banking, Trade and Commerce be authorized to examine the subject-matter of Bill C-48, An Act to amend the Canada Deposit Insurance Corporation Act and to amend other Acts in consequence thereof, in advance of the said Bill coming before the Senate or any matter relating thereto.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, Senator Kirby last week outlined why we feel that this matter should not proceed to prestudy. He made a very good case, following Senator Lynch-Staunton's proposed rules for prestudy, that this of all bills did not qualify. Senator Kirby referred to Mr. Justice Estey's comments and that Mr. Justice Estey was not at all in favour of this bill.

I thought I should put on the record some of Mr. Justice Estey's specific statements. He refers to the bill when he is being asked a question about it.

> "I don't want it thought they're doing what I recommended, because they're not," Estey said in an interview yesterday.
>
> "That is like saying, 'Well, I painted your car, just like you asked.' But you painted it green and orange with spots all over when I wanted it black."

Then he proceeded to write a letter to the House of Commons Finance Committee Chairman, Mr. Murray Dorin. In that letter, he urges the adoption of "necessary vital additions" to the legislation.

Later on:

> The problem, as Estey sees it, is that the new legislation fails to provide regulators with the tools needed to do that.

Honourable senators must understand why it is that Mr. Justice Estey is saying these things. He was asked by the government to do a study on two bank failures in Western

Canada. As a result of that, he made a report to the government, and the government says that Bill C-48 is coming out of that report. Estey is telling us clearly that that is not so.

He goes on to say, and he is referring here to the Alberta bank failures:

> "When there's an explosion, the soot falls on everybody," Estey said.
>
> But as it stands, bill C-48, "is just a funny little skeleton without any muscles or meat on it."
>
> And "with (its) passage . . . the Canadian public will be left with the prospect of facing another financial debacle without any more protection within our community than in 1985 when the Alberta banks collapsed". . . .

● (1540)

Later on in this same article, Mr. Justice Estey said:

> . . . the CDIC, whose board is composed entirely of bureaucrats, also needs to employ more industry representation if it is to successfully carry out its new responsibilities.

Mr. Justice Estey then goes on to state:

> No other jurisdiction I've investigated has excluded that kind of know-how from its regulatory agency.

Here we have a situation where the government says that Bill C-48 is as a result of the study by Mr. Justice Estey, who spent a good deal of time on this matter at a very critical period when there was a lot of concern about the stability of the Canadian banking system. He made these recommendations. The government says, "We will prepare a bill". They come out with Bill C-48, and this is Mr. Justice Estey's reply.

What will we be faced with? We will be sending this bill for pre-study, clearly a bill that is not satisfactory; a bill that, the Chairman of the House of Commons Finance Committee agrees is not good; a bill that will require a whole lot of changes. Where will we be then? It would be much more sensible for the government to withdraw the bill let us deal with Bill C-48 as a bill in the first instance as we are doing with Bill S-8. Give us the responsibility, because we have the capacity here in the Banking, Trade and Commerce committee to undertake that study.

For us to study a bill that the House of Commons will amend in the process, and where the originator of the ideas for the bill clearly says that it is wrong, is going the wrong way. The bill needs a lot of rework. The Senate is the proper place to do it, but it is foolish to have the House of Commons presently studying it and probably making amendments to it while we are doing the same thing here. Let us put it in one place and do the job properly.

I submit that the House of Commons should withdraw the bill, reintroduce it here as a new bill, and allow the Standing Senate Committee on Banking, Trade and Commerce to deal with the bill and do a proper job. However, pre-study of the bill at this stage, when the House of Commons might well change the bill, is the wrong way to go.

[*Translation*]

Hon. Jean-Marie Poitras: Honourable senators, I am very happy that Senator Molgat raised as many questions as he did. In fact, it is for that very reason that we are requesting a prestudy.

You will remember, honourable senators, that Senator Kirby based all of his presentation on the fact that he did not understand what was the basic principle underlying that bill and that he thought it would probably change.

During the senator's presentation, the minister of Finance and his officials were sending to our members on the committee and to the other House a series of amendments, some 20 pages long, that Senator Kirby knew about. Failing the publication of the study, these amendments were prepared in response to the demands of Justice Estey, to the requests of the bankers' association, etc.

In fact, I think it is the fundamental reason for our request and the reason why I agree with the prestudy. These are major elements of modification and, before they are adopted as is, I believe, as does Senator Molgat, that the Standing Senate Committee on Banking, Trade and Commerce can add some more changes and that, in so doing, we will have contributed to the making of a better legislation. As things stand today, it seems to me the study of those amendments is essential because we must understand them better in order, if necessary, to suggest improvements.

That is the essence of our request Senator Molgat. Allow me not to agree with you. I feel it would be in the best interest of the Senate that we have an input in this if we want that bill to become the best legislation possible in the matter.

Senator Molgat: Will Senator Poitras allow me one question?

Senator Poitras: Of course, Senator Molgat.

Senator Molgat: Senator Poitras, would it not be more logical to first study this bill in the Senate and then to let the committee do exactly as you proposed?

What will happen now is that you will submit a series of amendments which will probably go directly to the minister who will present them to the House of Commons which, in turn, will send us a bill modified according to the work done by the Senate Committee. I will admit this will improve the legislation but it will do nothing for the Senate!

It ensues that the Senate always seems to be inactive. In fact, it is working very efficiently, but the other House always gets the credit. It is not a question of publicity or anything like that. It is about the importance of the work done in the Senate, in my opinion. It would be more logical for the bill to be first studied here and for you to review it. I know you would do such a study very well; therefore the end result would be a bill with a better substance than the proposed one.

Senator Poitras: Honourable senators, I think we must not overlook the necessity of such a legislation given the very difficult situations that arise in the finance industry. Many more are developing and we must increase our control.

This bill is now in the other House, ready for third reading. If we had to start over, I believe this would create delays, which is not in our common interest. We could have gone that route. But since this is the way things are, I suggest that we carry on from here.

Hon. Eymard G. Corbin: Honorable senators, I listened with great interest to Senator Molgat's comments and Senator Poitras'answers.

It is obvious that these two honorable senators, who hold such diametrically opposite views, will never find some common ground. However, as Senator Molgat so rightly observed, the Senate has traditionally considered, studied and debated in detail that kind of bill in this Chamber.

With a bill of this kind, the Senate has always played an essential, if not a paramount role. I wonder why this government wishes to go against tradition by refusing the Senate an opportunity to deal first with a question which it knows far better than the members of the House of Commons.

A quick look at the Senate's history will reveal that it is in this Chamber that the most attention has always been given to that type of bill. I challenge anyone to prove the opposite.

Something happened. I think that the problem is due to the fact that the government, which has a majority in both the House of Commons and the Senate, simply wants to impose its views, set up its own timetable, hear the least possible comments from the public and its critics and ram through its this bills at its discretion.

I have not heard a single comment from honourable senators opposite which would lead me to conclude that we are first and foremost concerned with the public's interest. We speak here today to espouse the government's interests, and not to protect the public's interest. I have not heard a single comment from my colleagues opposite in this regard.

For example, I have just received at noon a press release from the minister of National Revenue, who intends to dip into personal insurance policies. These funds have always been sacred. The savings component of insurance policies has always been sacred, inalienable, which no government has ever dared touch because these funds were set aside for retirement.

This is money invested over the years by Canadian citizens, out of their net income. Here is a government that now wants to dip into these funds, and bleed the canadian taxpayers even more.

This is no doubt a proposal that the Senate should study first. I would say that, an the face of it, I would be tempted to object to what the government is doing but I am prepared to give them time to further explain their actions.

The taxpayer has now reached a point where there is no breathing space left in his savings, in his insurance policies or anything else. In this particular matter, an Act to amend the Canada Deposit Insurance Corporation Act, it seems to me that Canadians, male, female, single, married, have the right to voice their views.

[Senator Poitras.]

Judge Estey, which Senator Molgat has quoted, also has the right to be heard. I have the feeling that it is because such a well-known personality has raised his voice that the government is accelerating the process in order to exert more pressure on the Opposition, both in the House of Commons and in the Senate, to push its bill through before the alarm rings in this place.

Senator Poitras may shake his head all he wants, but he should be careful not to dislocate it. I heard his kind words, expressed as always in a holy tone of voice which I always find so moving! I know he is not telling the whole truth. I am not saying that he lies, I would not dare. It would not be parliamentary.

He has a knack, just like Senator Simard a moment ago, to highlight the bright side of the picture while obfuscating the other. This other side is where the interest of Canadians lies and the official Opposition takes Canadian interests at heart.

That is why I support Senator Molgat's position.

The Hon. the Speaker *pro tempore:* Honourable Senators, I must advise you that if Senator Simard rises to speak, this will have the effect of ending the debate on this motion.

Hon. Jean-Maurice Simard: Honourable Senators, I wish to add a few words only.

I think my colleague, Senator Poitras, covered the whole matter in answer to Senator Molgat's question. I certainly do not wish to reiterate the points I made last week when the motion requesting a pre-study was introduced.

Even Senator Molgat must agree, I feel, that although we all recognize Judge Estey's high degree of competence and impartiality, it remains up to the government to make decisions.

● (1550)

Honourable senators, given the urgency of the situation, we must then insure that new and more efficient mechanisms are provided for the Canada Deposit Insurance Corporation.

So the government decided to proceed as it did. Its request to speed the study of this bill so that it could be reintroduced to the Senate is totally acceptable. As I was going to say, of course, the government cannot answer and probably did not answer all requests and suggestions made by Judge Estey. I think it acted on several of his recommendations.

Unfortunately, I did not read the 20 pages of amendments that were released last week and on which the committee in the other place will have to vote clause by clause tonight. I was just informed about that a few minutes ago. So, these amendments are in the public domain. They were agreed to in committee and the committee will report to the House.

I would be surprised that the Government would rush the proceedings in the other House and get third reading to-morrow or the day after. So this means it could give us time to look at the amendments. If the motion for a pre-study should pass, we could begin our work. Should it be the wish of committee members, Mr. Justice Estey and all interested

parties or those who could contribute to this debate will have the opportunity to do so.

With all the goodwill in the world, the Government cannot always agree to the recommendations made by experts, even when it is Mr. Justice Estey.

So for all those reasons, in my opinion, it would not be responsible to start the whole process again as it might cause considerable harm to people with savings in troubled institutions. I can tell you that some members of your committee on several occasions have met with the Minister who simply listened to some concerns expressed by the public and by us. I hope I can find some amendments prompted by those criticisms.

Honourable senators, I urge you to support this motion to enable us to work and take all the time we need for Senator Corbin's inner peace and peace of mind. I can say that there are honourable senators on both sides of this House who care for the saving of the Canadian people.

Ten or fifteen years ago, when the committee was chaired by a most distinguished senator, Senator Hayden, I heard the Senate Committee on Banking, Trade and Commerce referred to as the bank shareholders committee. Whether it was true or not at the time—I have no way of knowing—it is certainly not the case now.

I am among those who have had the opportunity to question witnesses and to often offer comments to the effect that the days when bankers practically wrote the banking legislation in this country are definitaly over and gone. I think that both sides of the House will agree on that. Members of the committee and their staff are able to protect the public and to do the best job possible.

The Hon. the Speaker *pro tempore:* The Honourable Senator Simard, seconded by the Honourable Senator Poitras, moved:

> That the Standing Senate Committee on Banking, Trade and Commerce be authorized to examine the subject-matter of Bill C-48, An Act to amend the Canada Deposit Insurance Corporation Act and to amend other Acts in consequence thereof, in advance of the said Bill coming before the Senate or any matter relating thereto.

Is it your pleasure, Honourable senators, to adopt this motion?

Some Hon. Senators: Yes.

Some Hon. Senators: No.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): On division.

Motion agreed to on division.

● (1600)

[*English*]

SPECIAL JOINT COMMITTEE ON A RENEWED CANADA

CONSIDERATION OF REPORT—DEBATE CONTINUED

Resuming the debate on the consideration of the report of the Special Joint Committee on a Renewed Canada, dated 28th February, 1992 (Sessional Paper 343-4(16A).

Hon. Philippe Deane Gigantès: Honourable senators, last Wednesday, Senator Buchanan, who was a principal actor in the debates and negotiations that led to the constitutional revision of 1982, in answering questions raised by me, said that he, and most people in this chamber, did not think that the government of Mr. René Lévesque could have signed that Constitution without its resulting in that government's disintegration in the National Assembly.

After all, Mr. Lévesque's followers included many who were not for sovereignty association, but for independence; not for a renewed federalism, but for tearing down the Canadian federation. Since he was the leader of this disparate group, Mr. Lévesque could not very well put them through the difficult hoop of accepting a renewed federalism.

I said last time, and I hope honourable colleagues will forgive me if I repeat it because it is important, that what the 1982 Constitution did was bring back to Canada the right to amend the Constitution, give to individual citizens in Canada certain guarantees in a charter of rights so that when constitutional changes were made with the new amending formula, individual citizens would have some rights that could only, with very great difficulty, be touched by governments—not just provincial governments; provincial and federal.

The last step then was, with these new tools, to proceed to a redistribution of powers in order to adapt the federation of Canada to the new demands brought upon it by technology, by changes in the world economy. But this last stage did not take place, because the government of Quebec, a principal, interested, party, refused to participate in this last change and refused to sign the Constitution of 1982.

Both the government of Quebec at the time and the National Assembly of Quebec voted against signing the 1982 Constitution. I do not regard this as the act of people who were being capricious or destructive. They were, as we all are, prisoners of their past history, prisoners of their myths; we all are prisoners of our myths.

There are certain myths that are terribly important and which are not taken into account often enough. One is a myth that all conquered people have. Those who are of English descent or assimilated British descent, that is, Scottish, Irish, and Welsh, who feel comfortable in their English domination, do not understand this. They really do not. They have never been conquered. They happen to be one of the few western nations that have not known in their history a foreign conquest—not unless we go back to 1066.

There is a trauma that conquest imposes, which time does not seem to heal regardless of how many centuries pass. It sits there gnawing at the stomach of the conquered.

In Quebec, as in many of the countries of Europe which won their liberation in the 19th century and in those which have won it quite recently, school teachers, sometimes in hiding, taught the ancient myths of their formerly independent state. Gibbon, the great British historian, taunted the Greeks when they were under the Turks for having fallen so low after having been the people who raised high the torch of western civilization. That taunt by Gibbon was used by the dependent and conquered Greeks as a taunt to throw at one another and generate among them a war of independence which came to fruition in 1829. So that myth remains.

There are other myths. Trade unions in Quebec are, by and large, anti-anglo-Canadian. Some of that is due to the fact that when the trade unions were rising the bosses were anglo-Canadians; the fight was against the bosses. The bosses are now franco-Canadians, but put the language, the myth I told you about previously, and the memories together—the memories being that, generally, the foreman was unilingual Anglophone and the worker was unilingual Francophone—and it is a culture of workers versus bosses in Quebec that is different from the rest of Canada. Suspicion of the boss and fear of oppression by the boss exist also in English Canada and in the United States. However, in English Canada, a worker could defend himself, explain himself to the foreman. In Quebec, often a worker could not. Therefore, the unions today in Quebec have an anti-boss culture which has translated itself into an anti-anglo-Canadian culture.

The political establishment and the media of Quebec today, which is a very unclerical society, are really intellectually the descendants of those priests who rose in their village churches and preached the freedom of the French-speaking North Americans from the subjugation of English-speaking North Americans. Here they are, these defrocked priests, or people who would have been priests, writing in the press, speaking on the radio and television, and fighting for this freedom—this myth.

● (1610)

It may be easy to condemn, but during the years of Turkish occupation the Greeks had the myth of Alexander the Great. There is a long poem in which it is said that a mermaid would stop ships at sea to say, "Does Alexander the Great live?" If the sailor was imprudent and said, "No, he is dead," the mermaid would sink the ship. If he said, "Yes, he is alive and he rules the world," she would let the ship pass. This was the myth of the resurgent Greeks getting their freedom.

We have these myths, and myths make it difficult to get facts across. Myths make it difficult for people who have been brought up with them to believe those who do not share the same myth. Myths make for such songs as the one by Claude Gauthier called "Le grand six pieds", or the big six-footer. In that song a six-foot tall Quebec worker has problems with his foreman who, of course, is a unilingual anglophone. The big six-footer picks up a four-by-four and breaks the head of the anglophone foreman. The foreman is buried in a cheap pine coffin. In Quebec, audiences, especially among the young, get up to this day to cheer when that song is sung. This is the sort of thing we are facing.

There are other modern Quebecers who say, "I'll believe what you tell me about figures, yes. Quebec will suffer after separation, whether because it takes time to replace structures that will go down, or because there will be bitterness which will disrupt normal trade and normal economic exchanges. Whatever it is, I grant that Quebec will suffer, but there is a price to pay." These young people say, "But to have independence makes that price worthwhile."

One then answers them with the remark, "But in the modern world, independence no longer means what it meant in the nineteenth century." The most separatist of the "indépendantistes" in Quebec want economic ties with Canada. There will be Canada on both sides of it. The minute that is taken into account, it is realized that limits must be placed on the freedom of foreign commercial dealings, and that curbs must be placed on what is done to the environment. The rights of others cannot be disregarded to cross territory by air in peacetime—peaceful transit as it is known. All these things take the notion of nineteenth century independence and transform it into something that is more a label than a reality.

The independent nations of the European Community are now creating binding ties which will make that community resemble Canada, strangely enough, in the not too distant future. Regional economic development is now done through decisions of the European Parliament—not by national parliaments but by the European Parliament which decides to send subsidies to southern Italy, to parts of Portugal or to parts of Greece.

There will be a common currency. Tariff barriers are gone. Non-tariff barriers will be abolished this year. If it does not take place this year, then it will be done next year. There are all these problems of standards. Some things can be kept out of a country by saying that it is not up to standard. There was even the risible problem as to when an English sausage is a sausage.

I say to these young people that all they are talking about is a label. It is the same shirt. It will be made by the same people in Hong Kong. I say, "You just want to put one of those labels that says 'Independent' on it. It will cost you an awful lot of money, just as the same shirt, if it comes to you with a plain, ordinary label or no label at all, will cost you $20. If 'Christian Dior' is on the identical shirt, then you will pay three times the price."

They say, "I know what you are saying, but the label is worth it". Why is the label worth it?

If you are a Deputy Minister of a provincial government and you have to deal with an Anglo who is a Deputy Minister of a federal government, then the idea that he is superior to you will gnaw at your stomach. You want to be on a plane equal to him. If you are a provincial minister and he is a federal one, or

a federal Prime Minister, then he calls the meetings which you have to attend.

If you were born into this myth, it matters. That is why we have a serious problem. That is why this terrain is one in which fools rush in where angels fear to tread.

Honourable senators may not have noticed that in this terrain I have been scrupulously non-partisan and non-critical. Let us give a charitable interpretation to what the party opposite has done. Let us say it did what the British have always done, which is to co-opt the people I am talking about, the elites of Scotland, Wales and Ireland, bringing a firebrand into the establishment, sending him to Oxford on a scholarship, getting him elected to the House of Commons where he might become a minister in His Majesty's cabinet. He is co-opted.

If we want to be charitable, and I do not want to take positions, let me be nice to members opposite. Let me be charitable and say that, perhaps, Mr. Mulroney was trying to do the same thing when, in 1984, he said to himself, "I will co-opt many of these nationalists and bring them into my party and give them positions of power, just as Trudeau did in many ways. Let French power continue in Ottawa. Perhaps that will not only give me political victory, it will give me an instrument that is the political organization of nationalists, which will give me a large number of seats in Quebec. Maybe that, in turn, will defuse this crisis. It will defuse this harsh feeling these people have in their bellies."

I would like to point out to Senator Simard, who has just come into the chamber, that here am I—and you all know me, I really have a big mouth—being moderate, understanding, non-partisan, for the sake of the country. I do not attack his leader on constitutional issues. He attacks mine. Yet my leader wants to solve the problem every bit as much as does his leader. I could say—and I could make a very good case—that a large part of the problem was created by your government. I do not want to do that. I am saying, this is a terribly difficult, dangerous, delicate area. All partisan discourse should be dropped, and it should be dropped as well by people like Senator Simard. Otherwise, we will not have a Canada.

● (1620)

Those who oppose Canada in Quebec are in the grip of "the myth," and when you are in the grip of the myth, there is not very much you can say except to attack any attempt that would make your journey towards independence come off the rails.

Senator Beaudoin produces a report with Mrs. Dobbie who insists that it is the Dobbie-Beaudoin report. Senator Beaudoin insists it is the Beaudoin-Dobbie report, and we in the Senate, of course, agree with him. What does that report say? It is an attempt to recognize that a federation has to evolve. It recognizes that Quebec wants a different status than do some of the poorer provinces. The poorer provinces are very worried that if the Constitution is changed, Article 36, Part III of the 1982 Constitution will somehow go by the board. They will be allowed to suffer economically. They will get no help to keep their services at a decent national level. They say this can only be done if we have a strong central federal government which collects enough money to redistribute it. This is becoming more complicated than it used to be two or three years ago because Ontario is now suffering. I will even restrain my partisan instincts and not claim that Ontario's problems are to some extent due to your government.

However, there are problems. The poorer provinces, the Maritimes, Manitoba, Saskatchewan, are very worried that the federal government may become weaker and poorer to the extent that it will not be able to help them anymore. They are, of course, opposed to the idea that the extra powers wanted by Quebec should be given to every province. So how do we get out of that?

Faced with the demand by every province to be recognized as equal to any other province, what do we do? We do not want trouble. We want to get at least seven premiers agreeing to the change. But Mr. Getty says Alberta will not be a province that is in any way lesser than any other province. That means, "If anybody has a veto, I have a veto." Mr. Wells says the same thing.

That already leaves eight provinces. British Columbia says, "I cannot be treated as part of a region. I am a region in myself." We are down to seven. This has become very dicey, and very difficult.

Therefore, Senator Beaudoin and his committee cohorts from all three parties came up with the central idea that all provinces will be offered the same rights. I disagree with what you proposed on the Senate. I will make a five-minute speech on that, perhaps, later on. However, to continue, the proposal is that all provinces will be offered everything that is offered to any other province. But not all provinces are required to adopt the proposal if they do not wish to do so. Those provinces that worry about the federal government losing too many jurisdictions because those provinces would then suffer, they need not take up those jurisdictions. Other provinces might take them up, but the principle that the rich provinces should pay for the poorer ones would remain.

There are some jurisdictions that are not totally transferable to anybody. I was giving an example in *La Presse* the other day about a New Brunswick power station that would not have scrubbers. It was to burn coal, and the toxic fall-out would go into the Gaspé. This is environment. This is energy. The electricity from this power station would be sold to the United States—that is international trade. Are we talking federal? Are we talking provincial? What is it?

We in the Liberal Party propose that, in cases like that, there would be a device saying: We will proclaim some jurisdictions concurrent and give the preponderance to the provinces.

There is another trap connected with this: the trap of the grocery list. Here is your list; here is my list. Go to the grocery store. You buy the oil and the tomato paste, I will buy the noodles. Well, countries are not grocery shopping expeditions.

The Allaire report is a grocery list. That was one of our traps. It was put there at the beginning because Leon Dionne and various others said, "Let us ask the maximum so that we can retreat", whereas at Meech Lake we asked the minimum and we did not get it. So we produced the maximum, with suggestions like this. With the myth-makers who want an independent Quebec, the maximum has become the minimum.

But a grocery list approach to Constitution making does not make sense. Everybody understands that. The myth-makers themselves understand it. This is the Trojan horse. If they can sell Allaire as the minimum acceptable, they can embarrass a sufficient number of legislators in the National Assembly of Quebec, and they make anything less than the Allaire solution unacceptable. Well, the Allaire solution would not work in an organization of states such as the European Community. There would be no European Community with that kind of premise.

So the Beaudoin-Dobbie report was criticized in the Quebec press by those enthralled by the myth before they read it. It was obvious from some of the articles that they did not know what the report contained. I was interviewed by many of them and they had not read it. They were telling me that it contained things which I knew it did not contain. We have that problem and it is a serious problem. The report has good things in it, although I think the dissensions of the Liberal Party are justified, especially with regards to the Senate.

There is no way that we can get six provinces other than Quebec to sign a new constitutional accord if we do not have a reformed and more powerful Senate, an elected Senate. I would claim even an equal Senate.

Does that mean the Senate should be able to overturn the House of Commons on all things? No. It also does not mean, as Senator Beaudoin proposed and upon which we dissented, that the House of Commons should be able to overturn a Senate block by a vote of 50-plus-1 of those present and voting in the House of Commons. They may pass a bill by 50-plus-1 of those voting. They then send it to the Senate, and the Senate rejects it, perhaps for good reason. When that bill goes back to the House of Commons, the same 50-plus-1 who voted for it can take down the Senate block and the bill will pass.

That is not a Senate with any power at all and there is absolutely no point in having it.

You could improve that by saying that the Senate could not block a House of Commons measure except by a vote of two-thirds of all senators present and voting. To overturn such a Senate opposition, the House of Commons would also have to have a vote of two-thirds. That being the case, to resolve the dispute you would inevitably have to have the kind of conferences which they have in the United States between the House of Representatives and the Senate. It has worked there for 200 years and it could be done here too. If we are going to do that, I cannot for the life of me see why there would be opposition to the idea of an equal Senate.

• (1630)

I will take five minutes to show you how an equal, elected and effective Senate could work. There is a way of giving Quebec a veto on constitutional change, the extra powers it wants, plus three judges on the Supreme Court, while giving other provinces the strong central government they want, all without using the unanimity rule.

We must start with the list of which powers belong to Ottawa and which to the provinces, and I have spoken about this. It will have to be concurrent powers and there will have to be some reshuffling of the powers. Let us devise a list that would win a referendum in Quebec, then ask the remaining provinces, in a referendum run by each of them if they wish, whether they want the Quebec list, or a shorter list which would leave them with a strong central government. Thus, all provinces would have been treated equally because they would have been given the same choice as Quebec. This meets the points raised by Premier Filmon, Mr. Anderson of the Alberta Committee on the Constitution, and Mr. Getty.

The rest can be achieved through a Triple-E Senate whose powers would vary, depending on the nature of the legislation. Such an elected Senate could debate and criticize, but not block matters pertaining to the federal government's taxation or borrowing. I say that, because the Commons, like it or not, would not accept less and we cannot pass a constitutional change if the Commons does not want it. Those of us who sit in our caucuses know that members of the House of Commons are very touchy about this.

For a previously agreed list of matters deemed to be of national importance, the equal and elected Senate that I propose would be able to block, by simple majority, but only for six months, legislation passed by the House of Commons. That could be varied to the two-thirds that I suggested earlier.

In all matters pertaining to changing the distribution of powers—after the reform, not before—as between Ottawa and the provinces and the institutions of the Canadian state, a bill or resolution adopted by the House of Commons could apply to any particular province only if it were approved by a majority of the elected senators from that province. I will come to how to elect the senators shortly. It is proposed here that the veto be exercised at an earlier stage, that is the stage of the resolution of the federal Parliament. A province would be able to block that resolution. Without that resolution the amendment to the Constitution could not pass.

By giving each province a veto within the Senate over an amending resolution we would not need to change the amending formula by unanimous consent of the provinces because would merely be amending the powers of the Senate, and that could be done by seven provinces representing half the population. I would refer you to *The Constitution Act, 1982*, article 42(1)(*b*).

Thus, after the current round, Quebec would have a veto over changes to the Constitution, but only inasmuch as these apply to Quebec. The other provinces would have a similar veto. Quebec would be able to block amendments to the

Supreme Court Act, Chapter 26, section 6, which gives the province three Supreme Court Justices. This meets the objections of those who want provinces to have equal veto powers and the objection of British Columbia to being incorporated in a western region for veto purposes.

It can be challenged. I agree that someone could say that we should not be using article 42(1)(*b*) for this. However, if there is agreement by seven provinces and the others say that we do have the veto, we do have a Senate with more powers, and we let it pass, and no one challenges it before the Supreme Court, then it can be passed that way. It can be finessed. We are at a time when we have to use every bit of finessing possible.

As for any new federal program in a field of provincial jurisdiction, a majority of the senators from each province could decide that their province would withdraw from such a program with full compensation. In all other matters a simple majority of the elected senate proposed here would be able to block the Commons.

How do we elect the senators? Why not leave this to the provinces? I would suggest to Quebec that its senators should be elected members of its National Assembly, and naturally they would be members of the party in power. They would be sent to sit in the Senate while that particular party was in power. The National Assembly of Quebec and any Quebec government could not object to that. These are not separate senators who could become stronger than the Premier of Quebec, stronger than the provincial government, which is one of the great fears. They would be members of the provincial party in power in the legislature.

Other provinces might choose direct election. Why not? These would be elected people. No one could say that they were not elected. Before a provincial election, the party in power could even say, "From among our candidates these are the ones we will send to the Senate, if you elect us." This assures Quebec that its senatorial contingent would represent the Premier's views. This seems to be what worries Quebec.

If a province has assumed the jurisdiction totally, its senators would have no vote under category (B), which is the important matters that the Senate can only block for six months. They would have no vote under (D), which is withdrawing from a federal program. If they have withdrawn from a program they would not vote on any matters dealing with that program. They also would not have a vote on (E), which is matters of simple majority pertaining to that jurisdiction from which they have withdrawn.

This partly meets the objections of Mr. Al Johnson that, if a province assumes certain jurisdictions totally, then in matters pertaining to those jurisdictions the province's representatives in the federal Parliament should not have a vote. They would have a vote in the House of Commons but they would not have a vote in the Senate.

This also partly answers the objections of Mr. Stéphane Dion, a political scientist in Quebec, whom Lysianne Gagnon keeps quoting as saying that Quebec would lose influence because it would not be able to vote on matters from which it withdrew. It would lose some influence, but only in the Senate, and in the Senate it would have the powers that it wants on all other matters vital to Quebec. I realize this may sound far-fetched, but it is not; it is simply different to what we are now doing.

● (1640)

One of the problems with changing constitutions, not only here but everywhere else, is that we are rooted in what we already know. It is hard, when you are rooted in what you already know, to contemplate something totally different, something which may not be exactly what you hope. You always hope you can somehow repair the old house; a coat of paint, for God's sake. Let us tear down a wall or two, maybe repaint the old brick outside, which is chipping, or repair the roof.

Sometimes it is better to make radical changes, but they are difficult to do. We would have a Senate which is elected, which would not be the American Senate of the Western dream, but which would nevertheless give the poorer provinces equal representation and considerable powers for their governments to exercise within the federal Parliament, except in matters that would paralyze the government.

Some Hon. Senators: Hear, hear!

Hon. Duff Roblin: Honourable senators, I must warn my colleagues that it is unlikely I can complete what I have to say within the usual time limit. I would hope, in that event, they might favour me with permission to conclude what I have to say today.

Senator Molgat: There is no limit on this one.

Senator Roblin: I am glad to hear that.

We heard a very interesting speech from Senator Gigantès, a curious mixture of things which I call "thought starters" and, on the other hand, proposals which seem quite remote from any real or practical application. I shall mention one or two of those in the course of what I have to say, because they deserve comment.

I must express my interest in the way in which Senator Gigantès has outlined for us the "emotional myths", as he described them, that have seized hold of a large part of the people who live in the province of Quebec. It may well be that he has described that myth accurately, and if he has, it underlines the difficulties that face us as we try to find a new way forward for this country.

I have to say, however, that emotions are held not only in the province of Quebec but in other parts of Canada. I am not sure they are equally as strong as the emotions held in Quebec, but they exist and they are real. They must be taken into account. We have seen something of that in recent days with the statement of the Premier of Alberta respecting the Triple-E Senate.

The danger of following provincial emotions, which is the concept within which I include these various situations, is that they represent a recipe for disaster. What we are looking for in Canada today is people who believe in Canada. We want to see

people who are loyal Manitobans, as I trust I am, but at the same time I consider that my primary allegiance is to my country, Canada. Until we can establish that frame of mind and that emotion from one end of this country to the other, including the province of Quebec, we may find that the problems we face are very difficult indeed to surmount.

I am here to say today that I have not lost my faith in the spirit of Canadianism or the patriotism of our people or their emotional attachment to the idea of Canada as being the one that defines their lives, that defines this nation. It is from that point of view that I approach the report of the committee that is before us. What I have to say on that account is perhaps a little dry, the dry bones of a report, rather than the pulsing emotions which lie behind these various matters.

I do want to join with those who have expressed a word of appreciation to the men and women who wrote the report for the job they have done. I give my special compliments to our colleague, Senator Beaudoin, who took on a very difficult task. I thank the men and women who wrote this report because they were able, to a remarkable degree, to find a consensus and to come together on the things they suggested we should consider. It was not a complete consensus; there were important areas where opinions differed, but the fact that the consensus was as broad as it was is something for which I am indeed grateful.

I say that this is a good report. I am quite willing to give it an "A". I do not think anyone thinks it is the last word on this topic, because we know very well that the government, this Parliament, the legislatures, the aboriginal people, Canadians, all have to consider these matters. I am sure there will be substantial changes in the further refining of the ideas in this report, but the report has substantial merit in that it cuts through much of the random talk that has surrounded this issue for the last six or twelve months to focus our attention on the main problems that are before us.

I was interested to note that the second chapter of this report deals with a couple of myths about the structure of the Canadian nation. I hope a good many people will read the committee's comments on this point, because I believe they have real meaning. They deal with the myth of the equality of the constituent states as a sacred principle of federalism. Anyone who knows anything about Canadian history knows that our provinces have never been equal in all particulars, and sometimes unequal in important particulars. This myth of equality, which has been propagated, I am sad to say, substantially in my part of the country, is one which does not bear the critical eye of examination.

The committee deals with the concept of watertight compartments; that we can divide the functions of government so exquisitely in the federal system that there is no overlap or connection between what the provinces do and what the federal governments do. The committee emphasizes instead that what we are seeking to deal with here are the problems of interdependence between the regions and the people in the provinces of Canada as expressed through the provincial legislatures or through the federal Parliament. I am happy to see that these matters received thoughtful consideration in this report.

[Senator Roblin.]

In what I have to say, I will not try to examine all aspects, because there are some important topics such as aboriginal rights, the proposal for a social covenant, what we should do about the residual or the declaratory powers, and the amending formula itself that should be left for another day, but I shall say something about the division of powers that is suggested in this document. Of course, I will also speak about the proposed reform of the Senate.

However, before I get to those two points, I should say a few words about the new head of power that was sought by the federal government in its original proposal; a law it wishes to bring in which it hopes will improve the effective functioning of the economic union. At first reading, it sounds like a good idea, but I think even its authors saw the difficulties involved in trying to make this work when you consider the fact that the government married this new head of power with a formula that calls for the consent of 50 per cent of the population and 7 provinces for what was being suggested under this new head of power. One need only consider for a moment that if the province of Ontario, for example, decided that it did not want to do this and declined to go along with the 50 per cent of population and the 7 provinces that were in favour, one has to question what the usefulness of the exercise would be.

That particular illustration goes to the heart of the difficulty. As far as I can recall, there is no province that welcomed this idea. The very nature of a federation presents problems when you consider it, because what provinces do in Canada is not the same; they vary. What one province does, another province does not do. They have different needs. It follows from that that they have different economic and different fiscal requirements which must be considered.

Having said that, however, is not to say that real economic coordination is not a highly desirable or an essential feature of our governmental organization in this country; but it is to say that what the report suggests in connection with this matter is a better approach, in my opinion, than a request for a new head of power.

The report wisely proposes an amendment to the Constitution, and I quote the words of the committee, "to work cooperatively to strengthen the economic union."

● (1650)

This is the place to start. We will not get improvements in our economic coordination between our two levels of government by a new law. The best place to start is to express a principle. Put that in the Constitution and then you challenge the public men and women of the day to give effective life to the principle that is so enshrined. In that way we can work through a process of practice and experience and the effluxion of time and the establishment of conventions—in other words, the very means by which our whole institution of Parliament has come to pass—we can work it, try it and see what we can do to get along.

I suggest that the report of the committee to approach the question of the economic cooperation, of the economic organization of the federation, in this way is a useful idea. If you take that view it naturally follows that the new council of the federation that has been proposed is redundant, and it is. The committee proposes, however, another mechanism that meets the case equally well, and that is that there should be an annual meeting of the First Ministers. This is a well-established practice. It would do no harm to enshrine it as an annual meeting of the Constitution, although I would be quite happy personally if it were left outside the constitutional provisions, because the First Ministers can and do meet to consider social and economic matters now. This proposal of the committee builds on the current practice. Its guiding principle—and the guiding principle that has to motivate all of us—is that there should be a consensus in the joint management of joint concerns. That is the principle that should be followed in connection with the new head of power that was proposed by the present administration.

But the report has a clear view on another matter, namely, the need to perfect the economic union of the nation and to provide for the mobility of persons, goods, services and capital. I hope that that policy is vigorously pursued; that we cut through the local inertia and preference that we find today in many of our policies that are adhered to by our provincial governments. You need only mention the prosaic noun "beer" to illustrate the kind of idiocy that goes on in this country in connection with local preferences.

At the same time, the committee recognizes that there are legitimate concerns as to the retention of certain powers in this field by provincial governments, and quite an astute suggestion that there should be a dispute-settling mechanism. As we pursue this problem of perfecting the economic union, we act in a practical manner and we also act in a manner that gives people who may have concerns that they feel are not fully developed in connection with this matter an opportunity to have their day in court with a dispute-settling mechanism.

I want to come to one of the main issues contained in the document that the committee has prepared, namely, the distribution of powers. This is a key area that is addressed in the report and is a key area that is facing the nation—that is, what should we do about the distribution of powers? It is conceded on all sides that some attention has to be paid to this matter, particularly if we are to have any hope of satisfying the interests of the province of Quebec.

The change that the report proposes in the distribution of powers is exceedingly important because it declares our vision of Canada and it declares the nature of our federation. Obviously, any change must be considered with all due attention. Our task is to look at those changes which are necessary to include a satisfied Quebec within our vision of Canada. From what has been said previously on this whole topic, it hardly is necessary for me to stress the difficulty of this particular exercise. I want to deal with the particular items that are included in the report.

We must recognize and it is well stated that there are limits to the changes that we can make in the distribution of powers in our country. These limits are defined by balance and equity and the national interest—all difficult terms to define. All require judgment and political common sense. The report respects these limits to which I have referred. Unless we can be sure that we have a national administration that is able to act in the national interest, as a national government should, we are running into a problem which we will find difficult to solve.

However, I want to look at the 16 topics that the report recommends for provincial paramountcy or for increased provincial input. The question I have to ask myself is: Which of any of these recommendations inhibit Canada from acting as a national government in any vital particular? That seems to be the test in the distribution of powers that is before us now. Scarcely any of them break new ground, quite remarkably. Tourism, forestry, mining, recreation, housing, municipal and urban affairs—all are well-developed provincial activities at the present time. Some of them are within the provincial sphere entirely. It is not an area in which we can feel that a federal presence is indispensable for their proper operation.

If we deal with the question of energy, I define that to my own satisfaction as a branch of natural resources, and natural resources are within the provincial sphere of the Constitution right now. They have long been within the provincial sphere. That presents me with no particular difficulties.

I doubt if the federal powers for the nation are crippled by provincial paramountcy in family policy, inland fisheries and personal bankruptcy. We can stand those without any stress on the nature of our Confederation.

When it comes to "manpower training", I am sure some eyebrows will be raised, but is manpower training so different from the function of education, which has been a fundamental provincial power ever since 1867? I think not. There may be some merit for coordinating manpower policy in order to ensure that provincial activities in this field recognize the national character of some of the job situations that arise and the requirements of the national economy. Some consideration has to be given to that issue, but it is not incompatible with a provincial paramountcy in that particular direction.

Under the heading of "Immigration" we are confirming or "constitutionalizing" our current practice, which has been given effect for the last 20 years or so with reasonable satisfaction to all concerned.

The most significant of the powers, to my mind, is the suggestion that culture should become an area of provincial paramountcy. When we face that issue we have to recognize that we are dealing with one of the most significant demands of the people of the province of Quebec, and one which is a reasonable recognition of the necessity, as they feel it, to pursue their role as a distinct society.

● (1700)

Therefore when I review the 16 areas in which the distribution of powers is laid out in this report, I do not find any of

them to be deal-breakers. One can argue on any particular one with justification that there is another view, and I expect we will hear about that one of these days. On the whole, they are powers which I as a Canadian would not find objectionable were we to concede the principle of provincial paramountcy or provincial activity.

There is a useful rule of thumb that we can often apply—it is certainly applied in the European Community—called the "principle of subsidiarity". The principle of subsidiarity involves assigning responsibilities for administration to that level of government which is best able to perform it and which is closest to the people. It is not a principle that one can adopt without any consideration in all circumstances, but it seems to me that it is a reasonable standard of judgment when one deals with this question.

The report's recommendations on the division of powers I believe are substantial. I think they are realistic. This report takes fully into account the role of the national government in setting standards, in equalizing opportunities and services, and performing national functions within Canada and within the world community. I think our nation will survive without a serious derogation of its responsibilities or capacity to act as a national state if these delegations are made.

I am very conscious, though, of the remark that was made in the previous discussion on this subject dealing with the nature of independence and the nature of nationality in these days. I think many of us are stuck in a bit of a time warp when we think about these things. After listening to much of the debate about free trade, I am certain that a lot of Canadians are stuck in a time warp on this thing. The world is moving on and the concepts of independence that suited the people who wrote the statute of 1867 are not the concepts that we will find workable in the world we face today.

The report also has some good things to say about the use of federal spending power, and that has been a source of great difficulty and contention in days gone by. I think they make some useful suggestions about the use of the federal spending power and shared cost arrangement. The report, I am glad to say, respects the principle of parliamentary control of expenditures that Parliament makes under the use of federal spending power and the shared cost arrangements. It also lays down the premise that, as far as existing programs are concerned, they should be subject to firm terms and conditions and should be reinforced by a dispute-settling mechanism where differences of opinion arise, as they most certainly will. That is a practical idea. They suggest that if federal power is used again for new subjects or new activities, it should be subject to the opting-out provision on the part of those provinces that do not like it, with compensation, provided that the province is meeting the federal objectives in a different way.

I rather like this idea because in 1982, when the Constitution was being debated in this chamber, that was one of the suggestions I made at the time. I still think it is a pretty good idea. It may also provide an indirect discipline on the use of the federal spending power if it is subject to those conditions. On reflection, that may not be such a bad thing.

[Senator Roblin.]

That seems to me to cover all I want to say about the division of powers and the use of the federal spending power, that kind of thing, strictly within the text of the report that is before us. I am conscious that many other matters remain in connection with this question of the division of powers which will undoubtedly be discussed. At present, I am limiting myself to the report made by the committee.

I want to talk now about Senate reform. I support Senate reform, and I have said a good deal about it in days gone by. I have changed my mind from time to time as matters have developed and my thoughts have matured. However, I am still in favour of Senate reform.

When Senator MacEachen discussed the report of the committee with regard to Senate reform, he described the Senate as "elected, ineffective, and inequitable". I will start by agreeing with him on the elected part. I am pleased that the report of the committee wants this Senate to be elected by proportional representation. In that way we will make sure that minority opinion is heard, which is perhaps not able to find expression in the House of Commons with the "first-past-the-post" system. Proportional representation in the Senate is the means whereby minority opinion has a better chance to receive representation than it does in the House of Commons.

If anyone has heard and listened to the suggestion of minority groups throughout the country, and that there should be some special provision for them in the Senate, they will know what I am talking about. However, I do not believe the special kind of representation they ask for—namely, by appointment or allocation of seats—is the proper way to go. If we bring in the system of proportional representation, particularly if four people are to be elected at any one time—I would like to see five but four will do for a start—we will make it possible for groups that otherwise would not have elected representation to be elected to this chamber.

There is one thing about the suggestions of the committee on which I demure. The committee suggests proportional representation but not the single transferable vote as well because it is confusing and cumbersome. I think they should take another look at that matter. It is neither confusing nor cumbersome insofar as the voter is concerned. When the voter goes into the ballot box, what does he see under PR or PR plus STV? He sees a list of candidates. I hope they will not be in party order but in alphabetical order. How does he vote? He votes by number. The first choice is marked number 1; second, number 2 and if there are 30 people on the ballot he can go all the way to number 30, if he feels like it, although personally I think the voter should be allowed to stop when he has had enough. When he goes into the ballot box, whether it is PR or PR with a single transferrable vote, it makes no difference; his voting procedure is the same.

Where the cumbersome part comes—and I have to grant this—is when it comes to counting the vote. That is a little difficult, but the ordinary voter does not count the vote. That is done by the people at the electoral office who know what they are doing.

Why am I so emphatic about this particular system? I have to tell senators that I was first elected on the system of proportional representation with a single transferrable vote where four members were to be elected. This was the rule in the city of Winnipeg in 1949 when I ran as an independent in the election of that year for the legislature of Manitoba. So I know the proportional representation, single transferable vote system works and works very well. After all, it elected me. I have to admit that I was the low man on the totem pole and that I only made it by the skin of my teeth. In any event, that is history. I agree with an elected Senate.

Let's come to the "ineffective" part. What do you want an elected Senate to do? That is the fundamental question. What does "effective" mean? On page 55 of the report the Liberal members of the committee state their view of the matter. They believe that the fundamental objective of Senate reform is to provide more effective control of the executive. At first glance one might ask, what is wrong with that? Upon reflection, there are problems. They propose to do this by giving the Senate an absolute veto except for matters of appropriation and budget bills. On all other categories of legislation, there is to be an absolute veto.

Let us take a look at this concept of executive.

Senator Stewart: Was that the government's official proposal?

Senator Roblin: Whether or not it was the government, I really do not know nor care. I am dealing with what is in the committee's report.

● (1710)

The executive does not exist in a vacuum. It is not a separate order of government around here as it is in some places. The executive is indissolubly tied to the House of Commons. Control of the executive rests ultimately on the House of Commons. If one seeks to control the executive then it follows that one is really seeking to control the majority in the House of Commons. In other words, if the Senate can overrule the Commons, to that extent the Senate becomes a confidence body.

What are the consequences, intended or unintended, of this very large grant of powers? I put it to you that such a Senate would not counterbalance the House of Commons; it would overwhelm the House of Commons and would do it at will. The principle of regional interests as represented in the Senate could emasculate the principle of representation by population, which is represented by the House of Commons. Dear old George Brown would have a hard time with that one; it is sad comedown for the principle of "rep. by pop."

When Senator MacEachen spoke—and I hope he was speaking for more than himself and the Liberal Party—he had a more modest ambition, a more modest hope. He said, and I quote from his speech of March 24:

> The purpose of an elected Senate giving power to the regions is to permit the regions to say no occasionally and to make it stick.

Now, that is an attractive proposition. I have to admit that at one time I had the same idea. However, once having thought about it a little, I have to say that my hope is indeed hopelessly naive. There is no reason to think that things would work out that way; that an elected Senate would say "no" occasionally to the House of Commons and make it stick.

Everything we know about government systems and everything we know about the parliamentary system means that if power is given to someone it can be depended upon that if it can be used, it will be used and in ways, perhaps, that no one who sponsors such a motion would have thought possible. That is what I call the unintended consequences of the suggestion put forward that the Senate should have an absolute veto in the terms expressed by the Liberal dissent in the report. If the Senate and the Commons do not agree, that is a recipe for deadlock.

It seems to me that a deadlock-breaking mechanism is part and parcel of the grant of power, particularly the grant of veto power to an elected Senate. The report recognizes this, because it suggests that the House of Commons should have an override. However, the report is not very clear about what that should be. I should like to elaborate a little on that theme.

I want first to make a critical comment about some of the suggestions that Senator Gigantès made as to how the Senate should operate under the system that he proposes. Senator Gigantès proposed that senators representing a province in the Senate could dispose of any matter that affected their own province. I am not exactly quoting him because I do not have his words in front of me. However, the idea was clear that he was relying upon senators from a particular province to opt their province in or opt their province out of proposals that were made that affected that province.

That idea has a fundamental flaw, and that is that senators should not be making decisions as to what provinces do or do not do. That is the prerogative of the legislative assembly and of the government of that province. To suggest that the Senate should confer upon the provincial representatives in its chamber the right to say "yes" or "no" to matters that affect their province seems to me something that really would not stand much examination. I think that we will have to discard that idea. However, I thank Senator Gigantès for it because he is on the right track. He knows that something has to be done to deal with this question of deadlock. I do not think this particular system will work, so we will have to keep on looking.

I also think that the proposal of Senator Gigantès that senators should be elected on a provincial basis through the provincial legislature in some way or another is also an idea which will not fly. Over the course of time, senators will come to this chamber with very distinct and different principles and a very different power base. It seems to me that delegating to provinces the manner of electing or choosing senators is something which we should not waste much time on because it simply will not work.

I should like to say what I would do. I hope there may be some constructive ideas to suggest. I want to elaborate on the

theme of this report, that there should be override of some sort, and to offer a number of suggestions, and they are only suggestions. They can be considered alone, they can be considered together, they can be considered consecutively or alternatively—all those possibilities are open.

If one wants to deal with the question of deadlock when the Senate vetoes what the House of Commons wants to do, then surely the Senate has to abide by the rules of what happens in the House of Commons when the government is defeated there. When the government is defeated in the House of Commons, the normal recourse is to dissolve the house and have an election. If the Senate defeats the government, particularly on matters which are described as matters of confidence—and that would require some careful definition—then it should be subject to the same sanction. In other words, the Prime Minister should have the right to dissolve the Senate if the deadlock cannot be broken in any other way, and let the public decide what they want done; let the electorate give their view.

If the Senate defeats a government confidence matter in this chamber, no matter what it is, the government should have the right to dissolve the Senate, if it seems to the government that this would be the only solution left to it.

There are other ways of dealing with the question of deadlock. One that is attractive to me is that the Senate can only overrule the Commons by means of a qualified majority. It has to be more than just a passing fancy, so to speak; it has to be a considered opinion of a considerable majority in the new chamber. I would suggest that a qualified majority should be 65 per cent of those present and voting. One can think of variations on this theme that would appeal to various members of the chamber.

There is also the question of joint sessions. If the two chambers do not agree, they could have a joint meeting and have a vote on the subject and the majority would rule in those circumstances. That should not be dismissed out of hand because there may be occasions when it could be quite valid.

The question of conferences between the two houses was raised. In theory, that sounds good, but it has never worked here. Perhaps it is because we have not really tried, and perhaps that requires more consideration than it has received so far. If one were to follow that route of having a conference to iron out the difficulties between the two house, it is useless to look at the American precedent as a suitable pattern for us because it probably would not work. That is probably why it has not worked so far. There have to be some special rules laid down as to how these meetings should be held and how a decision should be arrived at, and that is a very large project indeed.

The point I want to make is that the question of breaking deadlocks is fundamental to designing a new constitutional situation where the Senate is both elected and effective. If we can come to a conclusion on the question of dealing with deadlocks, then so many of the other issues about being effective become manageable.

[Senator Roblin.]

Honourable senators, I am not the first person who has thought about this. Those senators who have read the Canada West Foundation reports will find that in the last formulation, if I remember it correctly, they had a formula whereby the House of Commons could overrule the Senate with a certain prescribed majority.

● (1720)

If you look at the report of the Alberta Select Committee on Senate Reform, they of course do not think the Senate should have any power with respect to money or taxation bills. In all other bills, if there is a Commons majority greater than the majority in the Senate, then the Commons should have an override. I am not just sure how that concept will work. All I am trying to tell you is that people outside this chamber who have an interest in an effective Senate have come to the conclusion that some form of deadlock-breaking mechanism is essential if things are going to work well. Other variations will undoubtedly suggest themselves to members of this chamber, and I will not labour this topic any more.

I now come to the question of numbers. This appears to be a very sensitive issue in some parts of our country, particularly in the province of Alberta. I think we have to give it careful consideration. We did start with equal, but equal what? We started with three equal regions: the Maritimes, Quebec, and Ontario. Each had 24 senators. When the West came along, after a few people began to move out there, they were made another region, and therefore we had another 24 senators from the West. Then we had a few ringers, if I can inelegantly describe them that way, from the Northwest Territories and Yukon and Newfoundland. That altered the balance a little bit.

We started out with equal regions, and now we are being asked to switch to equal provinces. If we were starting from scratch, I think that would be a pretty good idea, although I am not sure that the question of Prince Edward Island wouldn't raise its head even if we were starting from scratch.

We have a situation in Canada where some provinces, and I think particularly the province of Quebec, have a concern about their representation in the Senate. I think they will be just as reluctant to give up their present influence in the Senate as the province of Alberta will be to give up the idea of an equal number of senators from each province. We have a real problem here. It is not going to be solved by people taking intransigent positions.

I think we are going to have to realize that some kind of compromise will be needed. In my opinion, we should go as far as we possibly can towards this idea of equal numbers of senators for the provinces of Canada. We should do our best. However, I think we should recognize at the start that it is unlikely that the ideal would be attained, and that we can merely do our best. If we are able to do that, I have some hope that other Canadians who are wedded to the question of equality will find considerable satisfaction in the improved representation in the new Senate that comes along. We should get as close to equality of provinces as we can, but be prepared to settle for some kind of reasonable compromise.

Honourable senators, I thank you for having listened to me for so long. I have just a few words to conclude with. Canada has one federal government, ten provinces, and two territories, to say nothing of the interests of the Aboriginals and other Canadians. All of these bodies have a great interest and the greatest of responsibilities in constitutional amendments. I think the principle that we have to recognize is that no one is going to get all that he asks for. All must be prepared to give something, and, in the end, all must agree. All must agree that the whole is greater than the parts and that no part can be as happy and as prosperous if it leaves this whole. It is better to live together than to expose our future to risks that we cannot now know and which the Fathers of Confederation had to face in their day.

Honourable senators, this report is a meaningful effort to direct our hearts and our minds toward a happy issue of our present travail.

Hon. Senators: Hear, hear!

Hon. H. A. Olson: Honourable senators, I do not intend to keep the Senate long; however, some statements have been made over the weekend that I think should be drawn to the attention of the Senate, particularly when we are considering a constitutional package, because it seems to me we are on a track that leads to an impasse. That is not conducive to finding the kind of compromise that Senator Roblin has spoken about, something with which I fully agree. We have to find some kind of compromise, or the package is just simply not going to be accepted.

Before I go any further, I want to offer my congratulations and commendation to the committee, particularly the co-chairman and members of the other House, who spent a great deal of time and effort to present the chambers of Parliament with the committee report that is before us. I do not agree with all of it, and that is not unusual. They spent a great deal of time on it, and it is a very useful discussion paper.

The reason I think I should make a few comments today on this topic is that the Deputy Premier of Alberta, Jim Horsman, who really has been leading the constitutional amendment exercise in Alberta, has said absolutely and categorically that they will not sign an agreement if a Triple-E Senate is not included. Of course it is not included.

I also made a speech in this chamber indicating that I do not agree with what is required in a Triple-E Senate, because I do not believe it will work. First of all, I don't believe the House of Commons is ready to endorse a Triple-E Senate, because they realize, as do I, that you would be creating what I used to call a monster. You would be creating, if not a monster, a very powerful institution in the Senate. The transfer of real power from the House of Commons and from the First Ministers meetings would be enormous, so much so that I am sure they just simply are not going to accept it. If that is what we are faced with, then it seems to me that we have a responsibility to find another way.

The first "E" in a Triple-E Senate stands for "equal." That means every province would have the same number of senators. The "elected" part of it is not a great problem for me, except I really do not think that we need two institutions that are a mirror of each other. I am sure in practical politics that is what would happen; so I am not in favour of that either. However, the other "E", the effective part, is important.

I appreciate what Senator Roblin has had to say. I appreciate what other people have had to say. However, they keep dancing around as to whether we could have a formula with a substantial majority on certain matters and only a short-term suspensive veto on other matters such as financial bills and so on.

I have talked to quite a few people in Alberta, including members of the government, and what they want is a redistribution of real, effective, power so that they are not constantly subject to the tyranny of the central provinces, which is what they claim. It is not always Quebec either, by the way. That is why I say we have to find another way.

I will have a word or two to say in a few minutes about at least one way, and perhaps other ways, of effecting this redistribution of power. I think that we in this chamber should try to find a way, because, honourable senators, there is no doubt in my mind at all that a new Senate, whether it is elected or not, is unacceptable, without the authority to redistribute power to some of the outer provinces of this country.

● (1730)

Premier Wells has said it is unacceptable. Premier Getty has said it is unacceptable. Even the Premier of Manitoba said on February 12, "I believe very strongly that the Triple-E Senate is the best model, and we have to keep working toward it." So there are three premiers who are of the same mind, and there will probably be more before long.

The Premier of Ontario has said—and I forget his exact words—that there is no market in Ontario for the terms and conditions of a Triple-E Senate. We are already below what is required to accept the package. We are continuing down this road trying to find a package that is acceptable to all 11 governments, but one which is at least acceptable to the required majority, which is seven provinces with 50 per cent plus of the population.

I suggest to honourable senators that it is already clear that what is in the report will not make it. It is not acceptable. I could bring up the fact that even the Quebec legislature has turned down the report. Perhaps some adjustments can be made to it.

My major criticism of the report is that it contains no provision for the aspirations of western Canadians who want some redistribution of real power. They think they can find it through a Triple-E Senate. I do not happen to agree that that can be and ought to be part of the structure. However, there was no attempt in the committee's report to address that matter.

What is being discussed here is really a wimp of a chamber. It will have no real power at all concerning a great many matters that are important to western Canada.

My point today is that I do not think it is a good idea to keep on down a road that we know now will lead to an absolute impasse. I say that for several reasons. The first is that the province of Quebec has a deadline about a referendum and so on. There have been some comments made by the Premier of Quebec that there may be some modifications to that notion. I am not entirely sure as to what that means. In any event, he has not come away from the position that they have to have an offer of some kind that they can accept. Obviously, there cannot be an offer unless the other provinces are willing to endorse it.

What I am trying to point out is that that idea seems to have run into a severe block, exacerbated by what happened at the Progressive Conservative convention held in Alberta over the weekend. The Right Honourable Joe Clark was at that convention. He is the minister responsible for putting together a package. I was not at the meeting, but I was in Calgary. There is now an extremely serious situation because the Premier of Alberta told the convention, with the Right Honourable Joe Clark present, that that package was unacceptable. He went even further than that. He said that it is about time that members of Parliament elected in Alberta, including the Right Honourable Joe Clark, started to support that province in its quest for a Triple-E Senate and all that goes with it, instead of coming out west and telling us that we cannot have it.

That is fairly tough talk among members of the governing party. I do not want to be too partisan about all this, but it is fairly serious to me, if we are to believe the seriousness of the consequences of meeting what the Premier of Quebec claims are his requirements.

A new Senate without the authority that it needs, one such as is described in the report, is obviously unacceptable to western Canada, and to more than one province in western Canada. I think we should make some effort to modify that position.

I am sure Premier Getty would appreciate my repeating what was said. He was asked why he is insisting that his demands in this regard must be met now. Honourable senators will recall that former Premier Lougheed, when he was chairman of the constitutional conference in Calgary, said, "I do not think we should allow a Triple-E Senate to be a deal breaker." In other words, we should not allow the full amount of what Alberta and other provinces have been asking to break an agreement that might be an offer satisfactory to all the other provinces, and particularly to Quebec.

Premier Don Getty has rejected that idea. As I said a moment ago, why is he so insistent now that this package be brought forward? He said, "Hell will freeze over before our concerns are considered, unless they are in the package this time." It could be quite a while before that takes place. That is why he is concerned. He does not believe there will be another opportunity in his political lifetime to correct this imbalance of power.

[Senator Olson.]

I will not go over all the reasons why some of the criticisms were levelled at the government of which I was a part. Some of the criticism from western Canada has been levelled at the present government for certain things that it did. Senators opposite know the details of them as well as I do—Winnipeg certainly does. There were two or three things that happened. That is what is being used to sell the idea to western Canadians that a Triple-E Senate is absolutely essential to correct those matters.

As I said, we are going down the wrong road if we think we will ever have a Triple-E Senate as defined by the Deputy Premier of Alberta, the Honourable Mr. Horsman. I also believe that such a measure would never get past the House of Commons, in any event. We had better find another way.

I said earlier in my speech that I think there is a way, although I will not deal with it at great length. I think this chamber can and ought to take its responsibility as the house of the regions and carry regional interests in a way which will give them a higher priority among the members of this chamber, something which is apart from affiliations to the two traditional political parties. That would help to overcome a lot of other problems as well.

● (1740)

I do not know if anyone else from Western Canada feels as strongly as I do about this matter. I feel strongly about it because that is what the people out there think. This redress has to be made or there will be no acceptable package. I believe that very sincerely. The Premier of Alberta said it again this past weekend. He said it in such a way that there could be no misunderstanding whatsoever of his meaning, and the Right Honourable Mr. Clark was in the room. It is time for us also to take it seriously. We must find a way.

I want to complete my remarks by commending the Prime Minister for beginning to stand up for Canada. As an aside, I think he should have done it a long time ago. A few days ago he made a speech in Baie Comeau, telling the separatists what a great disservice they are doing to Canada and what the tremendous cost will be to Canada and to Quebec. I commend him for taking that position now because that may be the eventual result that we Canadians will have to face.

If Quebec does go ahead with its referendum, there will be a campaign of some kind persuading people to vote on one side or the other. We had one, as you know, in 1980. That was a very intense campaign. We may get to that again. In the meantime, we must take seriously what Canadians in some other regions of Canada, in this case western Canada, are prepared to accept in this package.

I have to say, and I do not want it to be misunderstood, that I do not think the report before us seriously takes into account what western Canadians told the committee. Is there any provision in this report for the aspirations of a Triple-E Senate and the transfer of power to that chamber, and what that could do for the western provinces? If it is there, I was not able to find it. In fact, there is not much in the report about that subject.

I heard the co-chairman of the committee say that the redistribution of powers and dealing with all the things that Senator Roblin spoke about, that is what is important to Quebec. They want those things. I do not disagree. I think a lot of them should be accommodated. I think western Canadians are ready to do that. I think the majority of western Canadians are ready to accept "distinct society", even if there is more to it than simply words in the Constitution, even if they are also given the powers to promote whatever is involved in that definition of "distinct society".

Having said that, there must also be some consideration for the aspirations of western Canada for some additional influence and real power, real muscle, whatever you want to call it, in the Parliament of Canada. Their choice would be through a Triple-E Senate.

Honourable Senators, there are many other things we could talk about. I have exhausted my opportunity to speak on this debate although it has only been for a few minutes.

Senator Molgat: You can adjourn the debate.

Senator Olson: I cannot be here tomorrow. I am going to a meeting at Meech Lake. However, we have heard two excellent speeches that have gone into great detail.

Senator Roblin: Make that three, counting your speech.

Senator Olson: I am not sure that that was so great, but I have heard two speeches which went into the details of some of the proposals in the report and agreed with a large number of them, and I do, too. They found some criticisms and suggested some alternatives. I am sorry I have not done that. I have read the report and I am interested in it, but I am concerned that, day after day, week after week, the months will go by and we may be heading into an impasse.

I am not sure how seriously you take that possibility. If you believe a lot of people who are trying to convey the view that this is a tremendously serious matter insofar as the future of Canada is concerned, then I hope we can take this seriously, that we can listen to the voices of western Canadians and the voices of others from the outer fringes of Canada. I hope we can find some way to accommodate their aspirations as well.

Hon. John B. Stewart: Honourable senators, I wonder if Senator Olson would consider a question? I intended to hold my question till another time, but you have told us that you do not intend to resume this speech.

As we know, the proposals put forth in the committee report, insofar as the powers of the Senate are concerned, fall considerably short of the Senate powers proposed initially by the government. I do not know why the committee felt that the government's proposals should not be supported.

My question to you, Senator Olson, is this: Do you think the government's proposals with regard to the powers of the Senate might have satisfied the government of Alberta? I realize that the Premier has now said, after the committee report, that it has to be an unadulterated Triple-E Senate. Let us suppose that the committee had come out with a report closer to that of the government's proposal. In terms of practical politics, what do you think would have been the position of the government of Alberta in that case?

Senator Olson: Honourable senators, I do not know if I should even try to reply to that question or to speak for the government of Alberta with any authority.

Senator Stewart: You know the shape of opinion out there.

Senator Olson: Yes, I understand the question. I think that a simple suspensive veto would be unacceptable to Alberta and to a lot of Canadians. A 30-day suspension for money matters, for example, does not mean anything. Most bills get 30 days' delay already, somewhere along the line. On very important matters, even a six-month suspensive veto is inadequate. I think that is the position they would take. However, I think it is still possible to negotiate some kind of authority and power in the Senate that will give very serious consideration to regional interests on the outer fringes of Canada, whether west or east, and that we should try to work toward achieving that.

As a matter of fact, the Senate, in its present form, could do a great deal of that if it so chose. I am no more critical of anyone else in this Senate than I am of myself. I have been just as partisan as anyone can be, particularly when I was Leader of the Government here. I had a job to do, and that was to get the government's program through the Senate.

Senator Molgat: You were always very gentle though.

Senator Olson: I hope so. I think I was always fair. But the bottom line is that my job was to get the government's program through. Everyone understood that, and I understand it now. I have no problem with that.

However, the government and people of Alberta believe that certain things take place here which give preference to central Canada simply because of the representation by population which is the basis of this place. As long as we are structured on that basis, the Conservatives supporting the Conservatives and the Liberals supporting the Liberals will have the highest priority. I believe that that can be changed. We may be able to talk Premier Getty and the Albertan people into accepting that. We would have to act in a highly responsible way. I understand that and I am ready to do it. I am sure my friends opposite are also ready to do that so we would not abuse it. There is no doubt that we have enough authority now, although we do not use it very often.

Hon. Efstathios William Barootes: Would you take one more question, senator? It is not a difficult question. Do you believe that the word "suspensive veto" is a contradiction of terms, or an oxymoron in modern language? In other words, "veto" means "veto". "Suspensive veto" merely means "delay". Do you believe that that is a contradiction of terms, sir?

Senator Olson: I do, particularly the way you put it, but it is the only term I know at the moment for holding something up for up to six months. Perhaps "suspensive veto" is not the right word. However, I am quite frankly not satisfied that even a six-month suspensive veto is adequate to satisfy the aspirations—

Senator Barootes: I am not talking about the length of time. I am just saying that the word "veto" means "dead", "done". Do you believe that the words "suspensive veto" should be replaced by something like "a delay" or "a holdup", and that the word "veto" should not be in there?

Senator Olson: I believe that you have given the definition and it is more accurate the way you put it. "Veto" probably means that, but "suspensive veto" is a term that has been around for a long time.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): There must be a good Greek term for it. Much of our legal language comes from Greek sources. In any event, I am prepared to adjourn the debate because I am sure there are other senators who wish to speak.

On motion of Senator Molgat, debate adjourned.

BUSINESS OF THE SENATE

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, considering the hour, may I suggest that we let stand all remaining orders, motions and inquiries?

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): I have no personal objection to that, but I think that when we do that we should check to make sure that no one does object. Another point I would make is that it is understood, whenever we do this, that the numbering ceases.

Senator Lynch-Staunton: If you remember to ask.

Senator Molgat: Well, we did this last Thursday night. I wonder if we could have it understood, as a regular practice, that when we agree to adjournment in this way, to stand everything, that the numbering does not tick off for that day.

The Hon. the Speaker *pro tempore:* Is that agreed?

Hon. Senators: Agreed.

The Senate adjourned until tomorrow at 2:00 p.m.

APPENDIX

(*See p. 1244*)

SCRUTINY OF REGULATIONS

FIFTH REPORT OF COMMITTEE

Monday, March 30, 1992

The Standing Joint Committee for the Scrutiny of Regulations has the honour to present its

FIFTH REPORT

(Report No. 50- Public Service Employment)

1. Pursuant to its permanent reference, section 19 of the *Statutory Instruments Act*, and the order of reference approved by the Senate on June 20, 1989 and by the House of Commons on June 27, 1989, the Joint Committee draws the attention of both Houses to the *Public Service Employment Regulations* ("the Regulations").

2. Section 21 of the *Public Service Employment Act* ("the Act") confers on public service employees the right to appeal against an appointment made, or which is proposed to be made, by closed competition (i.e. a competition restricted to public service employees) or without the holding of a competition. Under section 31 of the Act, a public service employee may also appeal to the Public Service Commission ("the Commission" or "the PSC") against a recommendation made by the deputy head of a department that the employee be released or demoted on the grounds that the employee is incompetent in performing the duties of his position or is incapable of performing those duties.

Appeals are heard by appeal boards appointed by the PSC to conduct an enquiry at which the person appealing and the deputy head concerned, or their representatives, are given an opportunity to be heard. On an appeal against a personnel selection process, a board may decide that the appointment under appeal be confirmed or revoked, or that a proposed appointment be made or not be made. In the case of appeals taken pursuant to section 31 of the Act, the board may accept or reject the recommendation for release or demotion.

3. On May 5, 1988, your Committee presented to both Houses its Ninth Report of the Second Session of the Thirty-third Parliament (Report No. 43). The report was concurred in by the Senate on May 9, 1988. In the Ninth Report, the Joint Committee stated that the *Public Service Employment Regulations* "lack the necessary procedural safeguards to ensure that the appeal process is consistent with the basic requirements of fairness and equity" and concluded that

> the rights of appeal granted pursuant to section 21 and 31 of the Act are undermined by the failure of the Public Service Commission to adopt appropriate regulations providing the procedural safeguards discussed in this Report. The Committee would also emphasize that administrative simplicity and flexibility should not be allowed to override the protection of the interests of the individual by legally entrenched and legally enforceable means.

The Joint Committee recommended that the Commission adopt regulations setting out the essential requirements applicable to the following matters:

- disclosure of relevant information to potential appellants;
- Public Service Commission opinions as a prerequisite to section 21(1) appeals;
- notice of hearing of appeals.

4. Pursuant to Standing Order 109 of the House of Commons, the Committee requested that the

government table a comprehensive response to the Ninth Report. A response prepared by the Commission was tabled in the House of Commons on September 29, 1988. In its response, the PSC rejected the recommendations of the Committee in their entirety, maintaining that its administrative procedures are adequate and need not be included in the Regulations.

5. The position taken by the Commission is that it prefers to deal with the matters identified in paragraph 3. of the present Report through policy guidelines, which allow for a greater degree of "flexibility". Thus, the overall issue concerns the choice of the proper means to govern the appeal procedure. Should the rights of participants in an appeal process be protected by legally enforceable rules or by policy guidelines which at the end of the day are binding on neither staffing authorities nor the PSC? The Committee is strongly of the view that it is one thing for directives or policy documents to explain or complete the application of regulations, but quite another for these to be used as substitutes for regulations. Administrative convenience should not be mistaken for flexibility. Policy directives may be ignored or changed without notice; regulations must be adhered to.

6. When the Commission's response to the Ninth Report was considered, members of the Committee expressed dissatisfaction with it, and the Committee decided to pursue these matters. The Chairman of the Commission appeared before the Committee to discuss the PSC response on February 22, 1990. Additional submissions, both written and oral, were also received from representatives of the Public Service Alliance of Canada. Finally, a number of interested individuals provided written submissions which the Committee took into consideration as well.

7. DISCLOSURE OF INFORMATION

In the Ninth Report, the Committee recommended that the Regulations provide for mandatory and full disclosure, to any unsuccessful candidate or the candidate's representative, of all particulars relevant to the decision appealed against.

The Commission has stated that disclosure does take place as a matter of practice and pointed out that the common law principles of fairness and natural justice require full disclosure of evidence by one side before the other can be required to respond or present its case. While full disclosure does, for the most part, take place at the appeal hearing, it appears, however, that such disclosure does not take place prior to the appeal hearing in all cases. When he appeared before the Committee in November of 1990, the Executive Vice-President of the Public Service Alliance of Canada stated with respect to the present disclosure policy: "What is presently happening is that some departments comply and some do not comply. Some departments will not let the candidate know what has happened, and you end up with a long, dragged out, costly appeal process for no reason." This stands in contrast to the view of Chairman of the PSC that "In the many conversations we have had with the unions they, generally, have been very pleased that disclosure is happening."

In addition to ensuring that an appellant can properly prepare his or her case, full disclosure prior to the appeal hearing helps narrow and define the issues to be dealt with by the appeal board, thus increasing the efficiency of the process. Moreover, there is agreement on all sides that early and full disclosure has the effect of reducing the number of appeals, since some potential appellants upon being fully informed may realize that they do not have grounds for appeal and proceed no further.

The Chairman of the PSC suggested to the Committee that regulations requiring full disclosure would be no more effective than the present policy directives, as recalcitrant departments would be as likely to ignore one as the other. The short answer to this assertion is that legal consequences and remedies arise where regulations are contravened or "ignored" by a department. This is not the case with administrative policies. In any event, your Committee has more faith than the PSC seems to have that public servants are aware of their duty to obey the law.

In the Ninth Report, the Committee recommended that the Regulations preclude the use in an appeal of any document or information of which the appellant has no knowledge or that has not been communicated to the appellant. Where new information is sought to be used at the hearing stage, the Regulations would require that the proceedings be adjourned, thus giving the appellant an opportunity to review the new information. Your Committee wishes to emphasize that it was never suggested, as the PSC appears to have assumed in its response, that information not provided to the appellant prior to the hearing could never be used in determining the appeal.

Moreover, the PSC's statement that a provision excluding evidence not properly disclosed would be "extraordinary" is clearly inaccurate. Where a discovery process or other disclosure mechanism is provided, it is commonly the case that failure to disclose may result in the exclusion of the evidence in question. To give but two examples, subsection 30(2) of the *Canadian Radio-Television and Telecommunications Commission Rules of Procedure* provides that where a party to a hearing fails to comply with a notice to produce and allow inspection of documents within the prescribed time "he may not put any documents in evidence to which the notice relates unless he satisfies the Commission that he had sufficient cause for not complying with the notice." Similarly, section 48 of the *Canadian International Trade Tribunal Act* provides that where a person provides information to the Tribunal and designates that information as confidential so as to prevent its disclosure to other parties, and where the Tribunal ultimately finds the designation to be unwarranted, the information shall not be taken into account in the proceedings for the purposes for which it was provided unless the Tribunal obtains that information from some other source.

In its response to the Ninth Report, the Commission also expressed concern that a rule excluding evidence not previously disclosed to the appellant "would have the appearance of protecting the appellant, rather than treating all parties equally." Since, however, the information which will be relevant at the appeal is that on which the original decision was based and is information under the control of the department, such a rule would in fact <u>ensure</u> that all parties are treated equally, since it is only the appellant who may not be in possession of all of the relevant information.

In the course of the appearance before the Committee of the Chairman of the PSC, one further difficulty with regard to regulations requiring full disclosure was noted. The Chairman stated:

> There may be some documents or portions of documents which, because of their sensitivity or confidential nature, should not be disclosed other than within the setting of a hearing. I am talking of

certain materials such as appraisal reports, police reports, technical information, and confidences of the Privy Council. It is important that those be disclosed within the setting of a hearing and that people not have copies of this information ahead of time which they would keep for themselves.

While this concern is valid, it does not constitute an insurmountable obstacle. For instance, in its brief to the Committee the Public Service Alliance of Canada proposed a mechanism whereby a department seeking to withhold particular information could request that the matter be determined by an appeal board at a pre-hearing conference. Should the appeal board decide that the department has sufficient reason to withhold information (or to restrict access to it), the board's final decision on the appeal would include reasons why an exception to full disclosure was allowed.

It should be borne in mind that the issue of disclosure arises whether the appeal is made under section 21 or section 31 of the Act. Since, however, appeals under section 31 relate to a recommendation that an employee be demoted or released for incompetence or incapacity, the consequences for the employee concerned are particularly serious. There are no disclosure provisions in the current Regulations requiring that the employee be given the reasons for the recommendation or access to the evidence on which it was based prior to the appeal hearing.

8. STATEMENT OF GROUNDS OF APPEAL

In the Ninth Report, it was noted that subsection 45(1) of the Regulations required that every appeal brought under section 21 or 31 of the Act "state the grounds on which the appeal is based". The Committee observed that in the absence of a legal right of access to the pertinent information, appellants could not be expected to meet such a requirement. The PSC recognized in its response that "an element of unfairness" existed. Rather than establish a requirement of full disclosure, however, the Commission adopted the simple expedient of removing the requirement to state the grounds of appeal from subsection 45(1) of the Regulations (see SOR/90-622, registered on August 29, 1990). The PSC has stated: "Since appellants tend to state the grounds for appeal in very vague terms, removal of this requirement would create no difficulty for anyone". Given the absence of any requirement for full disclosure, it comes as no surprise that appellants were forced to state their grounds in "very vague terms".

In explaining the recent amendment to subsection 45(1), the Commission has indicated that "there is no prejudice to departments or selected candidates in learning of the grounds of appeal of an appellant at the hearing of the appeal since the rules of natural justice entitle them to an adjournment should the appellant's grounds take them by surprise." It would therefore seem that the amendment is likely to increase both the duration and complexity of appeals, while in no way enhancing the ability of appellants to obtain access to all relevant information prior to the hearing of their appeals. Such an amendment can only be characterized as a retrograde step.

9. PUBLIC SERVICE OPINIONS AS A PREREQUISITE TO SUBSECTION 21(1) APPEALS

Subsection 21(1) of the Act provides that any public service employee may appeal against the appointment without competition of another person, but only after obtaining an opinion from the PSC that the unsuccessful candidate's "opportunity for advancement has been prejudicially affected" by the appointment. An appeal board cannot consider an appeal under subsection 21(1) until such an opinion has been given by the PSC. The Ninth Report recommended that the Regulations be amended to provide that the PSC must render its opinion within a fixed period of time. Where the PSC will not be in a position to give its opinion within the prescribed time, it would notify the employee who requested the opinion of its inability to do so and set out, in a written notice, the time by which it proposes to give its opinion.

The Commission responded that it was "not opposed to such a regulation but since it would be unenforceable, the Commission is not convinced that regulating itself would resolve the numerous problems which result in delays in rendering an opinion". Testifying before the Committee, the Chairman of the PSC indicated that this "unenforceability" referred to the incapacity of the PSC, given present resources, to render its opinions in a more timely fashion. Evidence given by the Chairman of the PSC indicated that for 1988, the most recent year for which such statistics were available at the time, about 68 per cent of subsection 21(1) opinions were rendered within three months. Some cases, however, took 12 months or longer.

Where the PSC fails to render its opinion in a timely fashion, the employee's right to appeal under subsection 21(1) of the Act is effectively undermined. Administrative constraints within the PSC itself cannot serve to justify a denial of the employee's right to have his or her appeal heard promptly. The creation of a legal requirement that opinions be rendered in a timely fashion can only serve to enhance this right.

The Chairman of the Commission has stated to the Committee that "it is rare for tribunals, boards, commissions or courts to be required by law to decide a matter within a given period of time." With due respect, it is nothing of the sort. Subsection 18.22(1) of the *Tax Court of Canada Act* provides: "The Court shall, other than in exceptional circumstances, render judgment on an appeal referred to in section 18 not later than sixty days after the day on which the hearing is concluded." *The Canadian International Trade Tribunal Act* requires the Tribunal to report on each inquiry commenced by it not later than 180 days after the inquiry is commenced (s.29(1)). Provision is made for extending this period for up to 90 days (s.29(2)). Subsection 39(1) of the *Procurement Review Board Regulations*, made pursuant to the *Canada-United States Free Trade Agreement Implementation Act*, requires the Board to issue a determination on a complaint within 90 days after the filing of the complaint. Subsection 39(2) of the Regulations permits this time to be extended in exceptional circumstances, provided that these circumstances are set out in writing. The foregoing examples serve to illustrate the nature of the requirements recommended by the Committee in the Ninth Report.

The Committee had also recommended that the Commission enshrine in the Regulations its practice of allowing both parties to be heard prior to rendering an opinion for purposes of subsection 21(1) of the Act, as well as that of giving reasons for its decision. The position of the PSC in this regard is that since it is now its practice to furnish

reasons and an opportunity for the parties to be heard, regulations requiring that this be done would add nothing to the present regime. Again, this response evidences the Commission's inability to grasp the fundamental distinction between a procedure based on the good will of the PSC and one required by law. The intransigence of the PSC in this regard is particularly incomprehensible given that regulations dealing with these matters would simply reflect present practices and procedures.

10. NOTICE OF HEARING OF APPEALS

In testimony before the Committee on May 16, 1985, the Director General of the Appeals Directorate of the PSC assured the Joint Committee that although section 47 of the Regulations only requires appeal boards to give three days notice of a hearing, in practice the notice period is never less than two and a half weeks, and indicated that he fully supported an amendment to the Regulations requiring a longer notice period. Subsequently, in his letter of July 29, 1985, the Director General, Staffing and Management Category Programs, confirmed that the Regulations would be amended to provide for a 14 day notice period as recommended by the Committee.

In its response to the Ninth Report, however, the Commission stated: "the flexibility which a minimum three-day notice provides should not be lost. ... The Commission therefore does not propose to amend at this time section 47 of the Regulations." In effect, the PSC reneged on its undertaking while admitting that only the minimum notice is given in some cases.

In the course of testimony before the Committee, the Chairman of the PSC indicated a renewed willingness to increase the notice period provided for in section 47, stating: "we have no basic problems with what you are proposing to us." It is the hope of this Committee that the relevant amendment will now be undertaken without further delay. The Committee would also observe that it is possible for the Regulations to allow for a shorter notice period upon the consent of the parties.

11. The Commission has consistently argued that present administrative procedures and guidelines are adequate, and that the principles of natural justice and fairness already require the sort of procedural guarantees which the Committee has recommended be included in the Regulations. While recognizing that the PSC has made efforts to strengthen its guidelines with respect to appeal procedures, the Committee cannot stress too strongly that such procedures, relying as they do solely on the willingness of departments and the PSC to apply them, can never be a substitute for legally binding regulations. Where procedural safeguards can be clearly and concisely set out in regulations it is preferable that this be done, rather than relying on the courts to afford protection through the application of common law principles at the culmination of expensive and time-consuming court proceedings. Individuals should not unnecessarily be forced to resort to the courts to obtain recognition of their right to fair and due process. Moreover, the adoption of regulations could not but serve to enhance the perception that the appeal process is one characterized by fairness.

12. RECOMMENDATIONS

Your Committee reaffirms its recommendations that the Regulations be amended to:

i. Provide for full and mandatory disclosure to any unsuccessful candidate or the candidate's representative, upon request, of

all particulars relevant to the decision appealed against;

ii. Provide for full and mandatory disclosure to an employee of the grounds on which a recommendation that the employee be released or demoted is based;

iii. Preclude the use in an appeal under section 21 or 31 of the Act of any document or information of which the appellant has no knowledge or that has not been communicated to him;

iv. Provide that a department wanting to withhold or limit access to information must have the matter determined by the appeal board at a pre-hearing conference. Where the request is granted, reasons why an exception to the full disclosure rule was allowed would be included in the final decision on the appeal;

v. Provide that the PSC must render its opinion pursuant to section 21(1) of the Act within a fixed period of time. The Regulations could also provide that where the Commission cannot give its opinion within the prescribed time, it must notify the employee who requested the opinion of its inability to do so and set out, in a written notice, the date by which the Commission will give its opinion;

vi. Guarantee the right of employees and departments to make representations to the Commission in relation to their claims under section 21(1) of the Act and reflect the existing practice whereby the PSC always gives reasons for its section 21(1) opinions;

vii. Extend the notice period for appeal hearings to two weeks from the present three day minimum requirement.

13. While it considers it important to reiterate these recommendations, your Committee holds out little hope that they will be implemented. The position taken by the PSC with regard to the Committee's earlier recommendations has done little to negate the unfortunate impression that the Commission is more preoccupied with avoiding the imposition of binding rules of conduct on departmental administrators and on itself than it is with the need to implement an appeal system that is both fair and seen to be fair by participants and that furthers the Commission's duty to uphold the merit principle.

14. BILL C-26, PROPOSED AMENDMENTS TO THE PUBLIC SERVICE EMPLOYMENT ACT

Bill C-26, tabled in the House of Commons on June 18, 1991, proposes significant changes to the provisions of the Act mentioned in this report. Passage of the Bill will thus undoubtedly lead to major revisions to the Regulations as well. It should be emphasized, however, that the principles underlying the recommendations made by your Committee in both this report and the Ninth Report will be equally relevant to amendments to the Regulations following upon the passage of Bill C-26, and it is your Committee's hope that any such amendments will reflect these principles.

Bill C-26 would repeal section 31 of the Act, thus removing all reference to demotion or dismissal for incompetence or incapacity from the statute. It would also amend section 21 of the Act by removing the requirement that an employee seeking to appeal against the appointment without competition of another person must first obtain the opinion of the PSC that the employee's opportunity

for advancement was prejudicially affected by the appointment. All appeals pursuant to proposed section 21(1), both with respect to appointments without competition and appointments following closed competitions, could, however, only be made "in the circumstances ... provided for by the regulations of the Commission."

Proposed sections 21(3) and 21(4) of the Act would establish an additional appeal process. Section 21(3) provides that where it is ultimately determined that there was a defect in the process for the selection of a person for appointment "the Commission may take such measures as it considers necessary to remedy the defect." Pursuant to section 21(4), where a person is appointed or about to be appointed as a result of such measures, an appeal may be taken under section 21(1), but "only on the ground that the measures so taken did not result in a selection for appointment according to merit." It is also worth noting that the regulation-making powers set out in clause 23 of Bill C-26 expressly authorize the making of regulations "respecting the disclosure of personal information obtained in the course of an investigation, inquiry or procedure for appointment under this Act."

Proposed sections 34.3 to 34.5 would provide for an employee's recourse on "deployment", defined as "the transfer of an employee from one position to another". An employee who is deployed and any other employee in the work place to which the deployment is made could lodge a complaint that the deployment was not authorized by, or made in accordance with, the Act or that it constituted an abuse of authority. An employee who lodged a complaint or whose deployment was the subject of a complaint, and who was not satisfied with its disposition, could refer the matter to the PSC for investigation. The proposed amendments would also grant regulation-making powers for the implementation of this scheme, and your Committee reiterates that any such regulations should reflect the principles upon which its recommendations, as set out in both this report and the Ninth Report, are based.

A copy of the relevant Minutes of Proceedings and Evidence (*Issue No. 10, Third Session, Thirty-fourth Parliament*) is tabled in the House of Commons.

Respectfully submitted

NORMAND GRIMARD DEREK LEE

Joint Chairmen

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THE SENATE

Tuesday, March 31, 1992

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

Prayers.

SENATORS' STATEMENTS

GENERAL ELECTION

NUMBER OF DAYS LEFT IN CURRENT TERM

Hon. Royce Frith (Leader of the Opposition): Honourable senators, Senator Murray's democratic colleagues have 235 days to call an election, and his colleagues who are cowardly and contemptuous of democracy have 621 days.

ABORIGINAL LANGUAGES DAY

Hon. Joyce Fairbairn: I would like to draw to the attention of senators that today is Aboriginal Languages Day, a time to reflect upon the fundamental importance of education and communications to the future opportunities for our aboriginal Canadians—education and communications, not just in our languages but in theirs. And that is basic to the survival of aboriginal pride and history and culture in this country and the incentive for young people in the aboriginal communities to strive for learning and involvement.

Each senator will have received a letter from the National Chief of the Assembly of First Nations who has asked us to reflect on this matter today. I just want to quote one paragraph from that letter in which Ovide Mercredi says:

> This land is the homeland of our mother tongues. Canada is our motherland. If our languages disappear from Canada, part of the history also disappears. If our languages disappear from Canada, they cannot be retrieved from another land.

In the poster which accompanies this letter from the Assembly of First Nations and the Native Council of Canada is another very meaningful quotation which tells us, "If we can speak and understand our language, our elders can then tell us who we are."

Honourable senators, this is an effort well deserving of our support.

THE CONSTITUTION

RESPONSE TO BEAUDOIN-DOBBIE REPORT

Hon. Philippe Deane Gigantès: Honourable senators, yesterday, after I spoke on the Beaudoin-Dobbie report, the honourable Senator Roblin spoke. He made a number of points. One was that an elected Senate with powers would act as a curb on the executive and, therefore, on the House of Commons. I suggest that our Constitution of 1867, which established the Senate, had precisely that aim; that is precisely what the founding fathers declared as the purpose of the Senate.

There is another federation with a Parliamentary system like ours—not a congressional one. I am referring to Australia which also has a senate with power to curb the executive, that is the lower house, and it gives the prime minister the power of double dissolution. But there is another point. Very eloquently, Senator Roblin said we must first feel Canadian to be able to solve the country's problems, that he himself is a loyal Manitoban, but he is first a Canadian. I compliment him for that. I am first a Canadian also.

However, these myths in Quebec that I was talking about have made a profound difference there. I know too few Quebecers who are Canadians first. They are, first, Quebecers. The problem we have to face is how to find a constitutional accommodation between 20 million people who feel Canadian first and whatever their province is second, and 6 million who feel they are Quebecers first and Canadians second.

If Senator Roblin thinks that is not important, I invite him to look around the next time he is in caucus and try to count among his colleagues who are Francophones from Quebec those who are Canadian first. In this chamber I can name Senator Bolduc, who I think is Canadian first; I think Senator Beaudoin is Canadian first, as is Madame Chaput-Rolland, and after that I will speak no more. I leave it to Senator Roblin to judge them.

DEBT SERVICING AND REDUCTION ACCOUNT BILL

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-21, relating to the accounting of certain payments for the servicing and reduction of the debt of Canada.

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

On motion of Senator Lynch-Staunton, bill placed on the Orders of the Day for second reading on Thursday next, April 2, 1992.

[*Translation*]

GOODS AND SERVICES TAX

PRESENTATION OF PETITIONS

Hon. Jacques Hébert: Honourable senators, I have the honour to present petitions signed by 150 residents of the

province of New Brunswick who object to the goods and services tax. These petitions are mostly from Saint John, Hampton, Sussex, Oromocto and Saint George.

I have also the honour to present petitions signed by 25 residents of the province of New Brunswick who object to the goods and services tax. These petitions are mostly from Fredericton, Grand Falls and Oromocto. This is a total of 275 residents of the beautiful province of senator Simard who, so far, never presented a single small petition signed by his fellow New Brunswickers, either for or against the GST.

I thank you.

[*English*]

VETERANS AFFAIRS

PRESENTATION OF PETITION

Hon. Jack Marshall: Honourable senators, while it might be after the fact, its being 14 months since the Senate Subcommittee on Veterans Affairs tabled its report entitled "It's Almost Too Late", I have the honour to present a petition which I have today received from J.J. Strong of St. John's, Newfoundland, containing the names of 36 Newfoundlanders supporting the recommendations contained in that report, and applauding the recent announcement by the Minister of Veterans Affairs of the recognition of merchant seamen as veterans.

I would smuggle in a word of thanks to Senator Thériault for his kind words on March 26, and express the fact that, despite the criticism the Senate receives from across the country, the Senate can perform its duty for regions and for minorities. I am proud that the Minister of Veterans Affairs and the government have seen fit to grant all benefits to merchant navy veterans.

● (1410)

QUESTION PERIOD

THE CONSTITUTION

ABOLITION OF SENATE—STATEMENT OF MINISTER

Hon. Royce Frith (Leader of the Opposition): Honourable senators, I have a question for the Leader of the Government in the Senate that I would ask him to take up with his colleague, Mr. Clark.

Recent news stories state, for example, "Clark Menace les Provinces D'abolir le Sénat". The English version reads, "Clark Threatens to Abolish the Senate". This is part of the negotiating process and is a reaction to a statement by one of the provincial premiers.

I must say that I am surprised at Mr. Clark's statement. It sounds like an attack—I hope an uncharacteristic attack—of delusions of grandeur, or even megalomania. I must confess that I have had certain attacks, which I have had to put down, of respect, affection, even admiration for Mr. Clark. I cannot imagine him saying that.

Senator Barootes: Read the rest of his statement.

Senator Frith: If he did not know much about the Canadian Constitution before his recent obligations—I expect he did know plenty about it—he certainly does know a lot about it now. For any member of the government or the House of Commons or the Senate to say to a provincial premier, "I might abolish the Senate," indicates an unbelievable lack of knowledge, which I do not believe is true in his case.

Of course, Mr. Clark cannot abolish the Senate; the Prime Minister cannot abolish the Senate; the House of Commons cannot abolish the Senate; the Senate cannot abolish the Senate; one provincial premier cannot abolish the Senate; two cannot; three cannot; four cannot; five cannot. It takes all of them put together—the House of Commons, the Senate and all of the provincial premiers—to abolish the Senate.

I wonder if the Leader of the Government in the Senate will give Mr. Clark the opportunity, through him, to explain to the Senate that he never had such an attack of megalomania that would mean that he thinks he can abolish the Senate.

Hon. Lowell Murray (Leader of the Government): Honourable senators, the Leader of the Opposition should not infer from a headline or even from a news report that Mr. Clark is unaware of the fact that it would take the consent—

Senator Frith: Quite right. That is exactly why I want you to ask him.

Senator Murray: —of Parliament and the 10 provinces to abolish the Senate.

Having said that, the abolition of the Senate is always one of the options that are discussed when the question of Senate reform comes up. One or two provinces have favoured it. There is a political party in this country that has always favoured it. There are some who think that some of the models for Senate reform are so bad that abolition would be preferable. So abolition is a matter that is always under discussion when the subject of Senate reform comes up.

I shall draw the honourable senator's question—if it was a question—to the attention of my colleague.

Senator Frith: Honourable senators, I thank the Leader of the Government for his characteristic lecture. Of course, that is not necessarily an inference. The point of the question was to give Mr. Clark an opportunity, through the Leader of the Government in the Senate, to tell the Senate that that would not be a proper inference.

THE ECONOMY

FIRST MINISTERS CONFERENCE—ONTARIO ECONOMIC ANALYSIS TABLED—REQUEST FOR FEDERAL RESPONSE

Hon. Jerahmiel S. Grafstein: Honourable senators, last week at a meeting of the federal-provincial first ministers and ministers of finance, the Ontario government tabled an economic analysis describing Ontario's apparent asymmetrical or unbalanced receipt of transfer payments for social purposes from the Government of Canada. The press reports following

that meeting, or during the meeting, stated that the Prime Minister and the Minister of Finance violently disagreed with Premier Rae and the Ontario government's economic analysis.

My question is this: Has the government of Canada prepared its own written analysis, and would it make it available to the Senate in response to the Ontario government's position?

Hon. Lowell Murray (Leader of the Government): The answers are yes and yes, honourable senators.

Senator Grafstein: When?

Senator Murray: I don't have the document in front of me, but there is one, and I will be glad to bring it in.

● (1420)

[*Translation*]

THE CONSTITUTION

STATEMENT BY THE MINISTER OF NATIONAL HEALTH AND WELFARE

Hon. L. Norbert Thériault: Honourable senators, I have a question for the Leader of the Government in the Senate. It stems from the headline of an article in the *Journal de Montréal* where minister Benoît Bouchard is quoted as saying:

> I will not fight machine guns with a pocketknife.

Mr. Bouchard, the federal Minister of Health and Welfare, keeps refusing to go and defend his government's position in Quebec.

Hon. Lowell Murray (Leader of the Government): Says who?

Senator Thériault: Can the Leader of the Government in the Senate tell this House what Mr. Bouchard's statement means when he states that he will not fight machine guns with a pocketknife?

Senator Murray: What is the nature of the question? I hear what the honourable senator has just said. All I want to know is the specific nature of the question the honourable senator is asking me and wants an answer to.

[*English*]

Senator Frith: You be a good boy and listen to how things should be done!

[*Translation*]

Senator Thériault: I think my question was explicit. What does the minister mean by that or what is he saying?

Hon. Jean-Maurice Simard: Ask the minister himself. You are in the wrong Chamber.

Senator Thériault: Between Senator Frith and Senator Simard, there is not much room left for me. Is minister Bouchard comparing the Beaudoin-Dobbie report to a pocketknife and the Allaire or Bélanger-Campeau report to machine guns? What does he really mean? He is not the only one involved in that statement. Bouchard and Loiselle are as well. They are the three musketeers of separatism in the Canadian government. What does he mean? Is he not satisfied with the Beaudoin-Dobbie report? If that is not the case, what does he want then? Why fight with Quebec?

Senator Murray: Honourable senators, I would be glad to refer the question to my colleague, Mr. Bouchard and to ask him whether he would like to comment on the statement that appeared in the *Journal de Montréal*. That being said, I am not surprised to see that Mr. Bouchard and his government colleagues would much prefer to defend constitutional proposals that are supported not just by the federal parties but also by the other provinces.

Senator Thériault: Honourable senators, Mr. Clark is not reluctant to go to Alberta to defend the government's position or the Dobbie-Beaudoin report on Senate reform. The Prime Minister of Canada does not hesitate to go to Quebec. In fact, he went last week, and thank God we have at least one member of the government defending the Canadian position in Quebec.

How can the Leader of the Government in the Senate and all my Senate colleagues from Quebec justify their complete silence, when their Prime Minister is prepared to go and defend Canada's position in Quebec, and meanwhile, they are neither saying nor doing anything at all for our country in Quebec? They are members of the government. They are not only members of Parliament from Quebec but they are members of the federal government. What kind of attitude is that?

Senator Murray: Honourable senators, Senator Thériault is wrong about the position taken by Mr. Clark, the Minister responsible for Constitutional Affairs. Mr. Clark is not defending the Beaudoin-Dobbie report on the Senate. Mr. Clark is defending the concept of Senate reform, the details of which have yet to be negotiated. Mr. Clark is defending this concept while urging all parties to approach the issue in a spirit of compromise. That is what the government ministers are defending. They are defending the concept of Canada, a united Canada. I can't help it if the media do not always report every statement by every minister.

I can give the honourable senator the assurance that my cabinet colleagues from Quebec and the other provinces share his commitment to Canada.

Senator Thériault: Honourable senators, in an interview or a debate that I saw on television, when told by a provincial colleague from Alberta that if he did not change his position, he would be beaten in the next election, Mr. Clark said, as any minister in a Canadian government should say:

> It is more important for me that Canada remain united than that I be re-elected.

That is the kind of position we should expect from any minister in a Canadian government. That is the sort of position that Messrs. Bouchard, Loiselle and so on should take in Quebec. If they are not prepared to take such a position, they should resign from the Government of Canada and go to the Government of Quebec. That is the position that all my fellow senators from Quebec should take if they really believe in our country.

Senator Simard: You are in no position to teach us a lesson.

Senator Thériault: The media report it every day. Of all the ministers in the federal government, only Brian Mulroney is ready to go to Quebec and defend federalism. It is sad to see our country in that state. Canadians have lost confidence.

Canadians do not know if some important members of the Government of Canada are for separation or Canadian unity.

Honourable senators, I have another question for the Leader of the Government in the Senate. After the statement that the Minister of National Defence made last week or the week before, how can he be allowed to go back on the federal government's promise to build a depot in Moncton, in the Maritimes? A formal promise had been made and announced. He made that promise without saying whether he is for separation or for Canada. Are Canadians not right to wonder what is going on in this country?

Could the Leader of the Government in the Senate ask Mr. Masse—Before making the decision to build a $100-million depot for National Defence in Montreal, should we not at least wait for the result of the referendum and see what side Mr. Masse takes in Quebec?

Senator Murray: Honourable senators, the decision of the Minister of National Defense was made in the light of the changes in foreign policies as well as Defense policies that we have witnessed around the world. The situation has changed drastically, and so have the budgets of the Department of National Defense. Already in the last four or five years, the government has cut maybe $5 billion in the expenses projected for the future. It was a matter of centralizing some depots in Montreal and Edmonton. The decision was made strictly for financial and economic reasons, and to improve the efficiency of the Department's operations.

Senator Thériault: Honourable senators, it is still the same figure of $100 million; it is always the same figure. It was $100 million for Moncton, and now it is $100 million for Montreal. The decision has been made. How many other decisions made by the present government are strictly politically motivated?

I am convinced that people in New Brunswick would be able to accept this new setback if, at least, they could be sure that this facility for Canadian militia will be located in a Canadian province.

Is the Leader of the Government in the Senate prepared to say today that if Quebec is no longer part of Canada, this facility will not be constructed in Montreal?

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, my questions follow those of Senator Thériault. Immediately after the Beaudoin-Dobbie Report was tabled, the Prime Minister said, I regret not having his exact words, that it was an excellent report. The Prime Minister spoke very highly of this report. Is that the position of the Department? Is that a departmental decision or is it purely a decision made by Mr. Mulroney?

Senator Murray: Honourable senators, the Beaudoin-Dobbie Report is a report prepared by a joint committee of the Canadian Parliament. The report as such is not binding on the government. The honourable senator knows that it is the intention of the government to examine all the recommendations made in the report, and consult the provincial governments before formulating a series of official proposals. As I said earlier, a series of proposals that would not only have the support of federal political parties, but also of provincial governments.

Senator Molgat: I understand that very well. Nevertheless, the Prime Minister made a formal and very favourable statement concerning this report. My question does not have to do with what the government will do: It has to do with this statement made by the Prime Minister. Was that the position of the department or simply the position of the Prime Minister?

I want a clear answer. I do not want long evasive speech. Is it simply what the Prime Minister thinks, or is it what the department thinks?

Senator Murray: It is what the Cabinet thinks. Of course, the Prime Minister speaks on behalf of us all. It is not only a question of ministerial solidarity; the Prime Minister was right in praising this report as the best offer ever made to Quebec. We all share this opinion of the Prime Minister.

Hon. Philippe D. Gigantès: Even Mr. Masse?

• (1430)

Senator Murray: Yes, even Mr. Masse doesn't challenge the Prime Minister's assessment of the report, and he never did.

Senator Gigantès: And Mr. Loiselle?

Senator Murray: I said all.

Senator Molgat: So this is clearly a position taken by all members of cabinet.

Senator Murray: Every single one.

Senator Molgat: A cabinet decision is binding on all ministers. There are no two ways about it. So why isn't Mr. Benoît Bouchard and others with him not prepared to go and defend Canada, and this includes Mr. Loiselle and Mr. Masse? Why aren't these ministers prepared to go and defend Canada in Quebec? Are they federal ministers or are they Quebec ambassadors to cabinet? If they are federal ministers, and if there is a cabinet position, don't they have an obligation under our political system and according to their own conscience to go out and defend positions taken by cabinet.

Senator Murray: Honourable senators, the Deputy Leader of the Opposition spends his weekends in Manitoba. My cabinet colleagues from Quebec spend their weekends in Quebec, where they vigorously defend Canada.

Senator Thériault: And the interests of Quebec?

Senator Molgat: So why did he say he was not prepared to go and fight to defend Canada? He was unwilling to go to battle with a knife. The Prime Minister stated the Beaudoin-Dobbie report was outstanding, and you told me it was a cabinet position, but this minister said it was just a knife

against a battery of machine guns and he was not prepared to defend the report.

Senator Murray: Honourable senators, as I said before, according to the Prime Minister's assessment of the Beaudoin-Dobbie report, this is the best offer ever made to Quebec. However, the government is not committed to every single one of the report's recommendations. The content of the constitutional proposals remains to be negotiated by the federal government with the provinces. Eventually we will have a whole series of official proposals to put forward. The honourable senator is aware of the timeframe that has been set. As far as Canada is concerned, Minister Bouchard and all my cabinet colleagues from Quebec, like our colleagues from the other provinces, are constantly defending Canada in their own regions.

Senator Molgat: Mr. Minister, you are beating around the bush, as usual, whenever there is a question you don't like. But let's get back to the point. You gave me the assurance that cabinet agreed with the Prime Minister's statement. If cabinet agreed with what was said by Mr. Mulroney—as you will recall, he was lavish in his praise, and I am sorry I don't have his exact words—if that is the case, doesn't this mean that Ministers Bouchard, Masse and Loiselle have an obligation to go to Quebec and say so?

Senator Murray: Honourable senators, the three ministers referred to by the Deputy Leader of the Opposition all fully endorsed what the Prime Minister had to say about the Beaudoin-Dobbie report.

Senator Molgat: Can you quote chapter and verse? A minister is reported as saying he wouldn't do it. He said he wouldn't. It was like using a knife against a machine gun. You are telling me he will. Give us just one example, one instance.

Senator Murray: Mr. Masse, Mr. Bouchard and Mr. Loiselle have all three fully endorsed the Prime Minister's statement that the Beaudoin-Dobbie Report was the best offer Quebec ever had.

Senator Molgat: Mr. Minister, we would be delighted to hear about a speech by one of these three ministers. Bring us a speech that shows they said something positive about Canada and the Beaudoin-Dobbie report. If you are so sure, bring it in. We can wait.

Senator Thériault: Honorable senators, I am going to quote for you what Mr. Benoît Bouchard said:

> The Prime Minister, and he is supposed to as head of the Government, has decided to be very clear. But it is not because Loiselle, Masse, other Ministers or myself don't wave the Canadian flag standing out on the barricades . . .

Senator Simard: It is senator Hébert who said that last year!

Senator Thériault: . . . are not waving the Canadian flag. Then, what flag are they waving?

[Senator Molgat.]

• (1440)

[*English*]

DELAYED ANSWERS TO ORAL QUESTIONS

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable Senators, I have one delayed answer to a question raised on March 26, 1992, by Senator Wood concerning the choice of veterans to attend the Vimy ceremonies.

VETERANS AFFAIRS

VIMY—CEREMONY AT CANADIAN MEMORIAL

(*Response to question raised by Hon. Dalia Wood on March 26, 1992*)

Fourteen veterans were chosen out of a total of twenty. Each of the twenty were interviewed by the Royal Canadian Legion, Dominion Command and the District Offices of Veterans Affairs Canada. Following is a list of the Vimy veteran delegation.

Mr. Thomas A. Anderson (Regina, Saskatchewan)
Mr. Frank Bourne (Burnaby, British-Columbia)
Mr. John H. Close (Simcoe, Ontario)
Mr. Arthur W. Goudie (Surrey, British-Columbia)
Mr. Harry Hassall (Mississauga, Ontario)
Mr. Henry T. Peters (Ottawa, Ontario)
Mr. George Pocock (Maple Ridge, British Columbia)
Mr. Moise Poirier (St-Hubert, Québec)
Mr. Charles A. Robertson (Saskatoon, Saskatchewan)
Mr. A. Stephen Swan (St. Catharines, Ontario)
Mr. William H. Tapper (Simcoe, Ontario)
Mr. Clinton E. Woodard (North Hatley, Québec)
Mr. William B. Woods (Ridgeway, Ontario)
Mr. James E. Wyatt (Melita, Manitoba)

APPROPRIATION BILL NO. 4, 1991-92

THIRD READING

Hon. John Lynch-Staunton (Deputy Leader of the Government) moved third reading of Bill C-65, for granting to Her Majesty certain sums of money for the public service of Canada for the financial year ending the 31st March, 1992.

Motion agreed to and bill read third time and passed.

APPROPRIATION BILL NO. 1, 1992-93

THIRD READING

Hon. John Lynch-Staunton (Deputy Leader of the Government) moved third reading of Bill C-66, for granting to Her Majesty certain sums of money for the public service of Canada for the financial year ending the 31st March, 1993.

Motion agreed to and bill read third time and passed.

● (1450)

CANADA ASSISTANCE PLAN

BILL TO AMEND—THIRD READING

On the Order:

Resuming the debate on the motion of the Honourable Senator Bolduc, seconded by the Honourable Senator Grimard, for the third reading of Bill C-32, to amend the Canada Assistance Plan.

Hon. Joyce Fairbairn: Honourable senators, with the imposition of closure on this piece of legislation, there is absolutely nothing we in this chamber can say or do that would result in any change whatsoever to Bill C-32. However, I do not want to miss an opportunity to register a vigorous protest on behalf of my province of Alberta on the substance of the bill and the unilateral way in which the federal government proceeded with it.

Bill C-32 extends the five per cent ceiling on the Canada Assistance Plan payments from two years to five years for Ontario, Alberta and British Columbia, who are net contributors to the equalization dollars redistributed to the remaining provinces. The federal government estimates that it will cut over $2.1 billion from Canada Assistance Plan transfers to these three provinces over the five-year period. But the provinces' own estimates of their losses are considerably higher.

Ontario estimates that the cap on Canada Assistance Plan payments will cost it $1 billion in 1991-92 alone, while B.C. will lose about $148 million in 1992-93. Alberta's Treasurer, Dick Johnston, estimates that this plan will cost the provincial treasury $35 million this year, and more than $200 million in 1992-93. These additional costs are a direct result of more families falling victim to the nation-wide recession and to the severe downturn in Alberta's energy resources and the agriculture industry.

Since Alberta is my home province, I would like to consider for a moment the number of Albertans who depend upon social assistance and the adequacy of the program. In 1990, before the recession really hit, 148,800 Albertans, of whom at least 40 per cent were children, depended on the Canada Assistance Plan for basic food, clothing and shelter. In December 1991, 173,100 Albertans—46 per cent of whom were children—were dependent on Canada Assistance Plan payments. Of those, nearly 45 per cent were members of single parent families.

Consider further, honourable senators, that the number of food banks operating in my province has risen from one in 1981 to 40 in 1991. Consider, too, that of the 2 million people depending on Canada's 292 food banks, some 700,000, or 40 per cent, are children under the age of 18.

Indeed, in my own city of Lethbridge, Alberta, there was a report about a week ago which said that Lethbridge children under 18 account for nearly one-half of the clients at one of the city's two food banks. The Director of the Food Bank Society in Lethbridge said, "We are starting to cut back. We simply haven't enough supplies any more. We are just hoping to stay in business for another year."

Bill C-32 is one in a long series of deepening and, perhaps, irreversible cuts to social programs taken by this government since 1984 to meet its stated objectives of reducing the federal deficit and downsizing government. These cuts began in 1985 with the partial deindexing of child benefits, and continued on through the clawback of family allowances and old age pensions.

These cuts included tightening and retightening unemployment insurance and cutting back again and again on social housing allocations, and yet again in the recent budget. They included enormous cutbacks in training funds, the means by which people climb out of unemployment and off welfare. Now, unemployment insurance money is being directed at training at a time when large numbers of Canadians need the full benefits of that fund to support them at a time of massive job loss and lay-offs.

The impact of all this cutting and recutting on provincial and local programs—and, in turn, on low-income and low-skilled Canadians in every region—has been horrendous. Inevitably, these cuts are being borne by Canadians and communities who can least afford it.

While Alberta, British Columbia, and Ontario are Canada's wealthiest provinces, in fact these provinces are also home to more than 50 per cent of Canada's poor. Let us remember that the so-called welfare poor of this country, regardless of what province they live in, are in reality mostly children and single mothers.

The largest single category of Canada Assistance Plan beneficiaries—37 per cent—are children. The remainder include the parents of these children, many of them single, and Canadians suffering from chronic disabilities, poor health, low or non-existent job and social skills. The purpose of the Canada Assistance Plan is to alleviate these desperate concerns. Canada Assistance Plan funding matches provincial dollars in providing basic social assistance to these poorest of Canadian citizens. These funds also match provincial dollars to provide dental care for those on social assistance, essential services for disabled people, foster care for abused children, safe housing for abused women and subsidized child care for low-income families.

However, the deep and continuing recession combined with job loss due to, among other things, free trade and globalization is placing extreme pressure on an ever-increasing number of Canadian families, many of whom are at or near the end of their unemployment insurance benefits, which means they will have no choice but to join the welfare rolls.

My concern for these high-risk families deepened when, in the latest budget, this government discarded its three-time promise of a national child care program and universal family benefits with the elimination of the family allowance. Low-income families are supposed to be the big winners with this latest rejigging of the child benefits program. However, an

analysis by the former director of the National Council of Welfare, Ken Battle, shows that the enrichment of monthly benefits for low-income families will look good only for about as long as the time it takes to get past the next election. Then, year by year, the partial deindexation of the benefit will cause it to erode continuously. By the end of the decade, Mr. Battle predicts that a single parent with two children earning $15,000 in 1993 will lose 20 per cent of his or her benefit, and that a couple with two jobs, two children and a $20,000 annual income will lose the same 27 per cent.

Honourable senators, all these changes will do nothing at all for families on social assistance.

Mr. Battle has termed partial deindexation as a "fiscally powerful and politically invisible mechanism" that allows Canada to siphon money from social programs. Bill C-32 is just another element of this deceptive approach.

This legislation is disturbing on a number of fronts. It is part of the net effect of dismantling national programs that were originally established to provide Canadians with a social safety net and basic standards of services. These programs were built over decades on a firm base of nationally-held values: values of social equity and the desire to ensure a basic standard of care for those who cannot care adequately for themselves.

These values grew out of the harsh experiences of the depression, and the realization that a country cannot be sustained by offering the people no hope on any front. It did not work for R.B. Bennett and it will not work for this government, either.

Another area of concern with this bill is the ease with which the federal government undertook unilateral action to limit its financial responsibility under long-standing federal-provincial agreements. That action was challenged in the courts. There was a victory in the appeal court in British Columbia, but, finally, the Supreme Court of Canada ruled that, in law, the federal government has the power to change unilaterally the conditions or terms of any federal-provincial agreement. But what is offensive here is that the Mulroney government's decision to exert this power in this manner has cast serious doubts on all federal-provincial cost sharing agreements.

● (1500)

That leads to my next concern, which is how far this government believes it can push its goals and objectives of increased efficiency and reduced national government without weakening irreparably the already tenuous links that hold this country together.

The series of national programs that Canadians and former governments fought to put in place comprised a type of social contract with Canadians in every part of this country. Equalization, the Canada Assistance Plan, Established Programs Financing formed the three arms of that contract. Since 1984, both the Established Programs Financing and the Canada Assistance Plan have come under repeated attack. Since 1986, the EPF funding formula has been cut, cut again, frozen, and refrozen at 1989 levels until 1994-95.

[Senator Fairbairn.]

At the same time, the federal government has seriously weakened its own power to enforce the principles of the Canada Health Act which govern medicare.

In the spring of 1991, the National Council on Welfare published a study called "Funding Health and Higher Education", suggesting that, if the current trend continues, every last penny of federal cash for health and higher education under the 1977 fiscal arrangements will disappear within a few years.

Alberta Treasurer Dick Johnston has noted that:

> It is generally agreed that federal cash transfers for health and post-secondary education will dwindle to nothing within 15 years.

Now we have Bill C-32 legislating a three-year extension of a ceiling that has been on the Canada Assistance Plan for the last two years in Alberta, Ontario, and British Columbia.

Next we may see a ceiling on this plan for the have-not provinces. In fact, Manitoba joined the court challenge for exactly that reason—because they feared that a ruling in favour of the federal government would set a precedent for further unilateral off-loading of other programs cost-shared with the provinces. I suspect that we will see a further whittling away as long as this government is in power, until the Canada Assistance Plan finally goes the way of the Family Allowance.

The Conservative approach to social spending has been described as "social policy by stealth". All it takes is a two- or three-month battle in Parliament to put these formulae in place, and then inflation does the government's dirty work for it.

Let us make no mistake about it, honourable senators. We are entrenching an "underclass" in our country which will become generational. It may be difficult if not impossible to change it. The cost in human terms to the lives of individual Canadians is tragic and it will have major consequences for the future development and prosperity of this country and its position in the world.

Children, after all, are a nation's hope. When more than 1 million of Canada's children are today living in poverty, within their families, on the streets, dropping out of school, unable to learn, hungry, and developing a visceral anger and frustration against the system, we are indeed jeopardizing the future of this country.

Do we really care? I suggest that when our government and our Parliament legitimizes a pattern of withdrawal from taking this reality and tackling it head on, we as lawmakers incur a tremendous load of blame.

Bill C-32 is part of this pattern. It deserves to be defeated.

Some Hon. Senators: Hear, Hear.

Hon. William M. Kelly: I wish to say in advance that I believe under the new rules I am required to limit my remarks to 10 minutes. I may be a minute or so over, but, if so, I would ask in advance for permission to complete my remarks.

Honourable senators, I believe I said most of what I wanted to say on Bill C-32 when I spoke at second reading.

The Hon. the Speaker: I want to correct the statement of Senator Kelly. He has 15 minutes, not 10.

Senator Kelly: I may have misread it. Under time allocation I believe it is 10 minutes.

Senator Gigantès: Who is right? You guys wrote the rules.

Senator Frith: This might be a good time to get it straight, before we start the clock.

Senator Gigantès: It would be nice to know for when our turn comes.

Senator Kelly: Honourable senators, as briefly as possible today, I feel compelled to respond to Senator Frith's remarks made in this place during second reading on February 28. I say in all candour that, since arriving in the Senate, I have learned that Senator Frith can always be counted on for a good show. I always look forward with great anticipation when he arrives in his place to pour forth fire and brimstone on the government's latest initiative. He did not disappoint us in the thespian qualities which he once again demonstrated in his remarks on February 28.

Honourable senators, I cannot hope to match Senator Frith in eloquence.

Senator Perrault: No, you can't.

Senator Kelly: That's right. I said it first. I say in all honesty that his speech was an excellent, perhaps even brilliant, summary of the obviously heartfelt concerns that some groups, individuals and provinces have about the kind of action demonstrated in Bill C-32. I recognize that federal transfers to provinces for education, health, and social assistance are emotional issues. But, honourable senators, we should not let emotion cloud our judgment or, much worse, cloud the facts.

Senator Perrault: No, don't let emotion affect anything. Don't let emotion affect your grants to big business.

Senator Kelly: Senator Frith's remarks are sprinkled with words or phrases such as, "taking money", "cut back", "cutting federal transfers to the provinces under the CAP act" and so on. The inference, and I am sure it would be unintended, could be that the federal government is reducing in absolute terms its transfers to Ontario, British Columbia, and Alberta under CAP.

In fact, as we all know, honourable senators, all Bill C-32 does is continue to cap the growth of federal transfers to Ontario, B.C. and Alberta at 5 per cent per annum, which I might point out is higher than the anticipated rate of inflation. It will still result in an increase of about $100 million to Ontario, $36 million to B.C., and $26 million to Alberta.

One could also infer, perhaps incorrectly, from Senator Frith's remarks that Bill C-32 represents a new policy, a new departure from established policy and precedent. Again, all of us realize that this is just not so. As I mentioned in my remarks at second reading, Bill C-32 continues the limits announced as part of the budget in February 1990 and in place since that time. It was for that reason and for that reason alone that I, in my remarks at second reading, referred to this measure as simple and straightforward, a remark that Senator Frith found offensive.

Honourable senators, it is simple and straightforward, and I do not apologize for using that phrase, because the bill seeks simply to continue a policy and legislation that have been in place for some time.

Senator Frith: How long?

Senator Kelly: Since February 1990.

Senator Frith: Under this government.

Senator Kelly: Yes, but it was announced and thoroughly discussed and described at that time.

Senator Frith: I take it you were not implying that it was a precedent laid down earlier.

Senator Kelly: I will say to Senator Frith I do intend to deal with some of the past situations that existed in the same circumstances.

● (1510)

Some of my colleagues opposite might like Canadians to infer that limiting transfers to the provinces began with this government. Once again, honourable senators, we know, of course, that that is not true. Reductions in transfers began in fiscal 1982-83 when the federal government actually cut Established Programs Financing payments to the provinces by almost $1 billion over the period to the end of 1984.

It is probably unnecessary—and perhaps childish—for me to point out that these cuts were imposed by the previous government under a previous Minister of Finance, whom we now number amongst our distinguished colleagues, at a time when the entire country, particularly Ontario, was struggling out of the worst recession in years. Those limitations were imposed by the federal government when Ontario was grappling with high unemployment, high dependence on welfare, a high level of child poverty and an eroded tax base. I might mention as well that the cuts were imposed on all provinces, even the relatively poor provinces which were less able than the others to make up the difference.

Honourable senators, I meant to check the records, but I assume that Senator Frith was equally condemnatory of that initiative when it was proposed in this place as he now is of the bill before us today.

Senator Frith: Didn't you check and find out?

Senator Kelly: I did not. I must say with some embarrassment however, Senator Frith, that I was critical of it at that time as well.

Senator Frith: In the absence of checking, you were prepared to assume.

Senator Molgat: You should use your research funds.

Senator Kelly: There is one other point I should like to make in response to Senator Frith, and I make it with some trepidation. I usually like to avoid using lengthy lists of statistics in any debate. Having said that, I asked the statisticians at StatsCan to run some numbers for me. I am sure Senator

Frith and some of his colleagues will find these numbers interesting.

For example, StatsCan advises me that the federal government's total expenditure for social services was $9.85 billion in 1974-75. It rose progressively to $33.2 billion in 1984-85, and for 1991-92 is projected to reach $54.5 billion. Those of you who are handy with figures, or with calculators handy, will see that the increase since 1974-75 has been almost six-fold, and the increase since 1984-85 has been almost 64 per cent. I might point out that federal spending on social services in 1981-82, the years covering our last serious recession, was $21.8 billion, less than half of what it is today.

Federal, provincial and municipal funding for social services, which was about $15.5 billion in 1975-76, is now more than four times that amount, some $66.7 billion, having risen inexorably year after year. Total spending on social services by the three levels of government was $29.7 billion in 1981-82, less than half of what it is today. In my own province of Ontario, which Senator Frith referred to as being disadvantaged by Bill C-32, expenditures on social services and social welfare were $1.8 billion in 1975 , $3.3 billion in 1981, and about $9.6 billion in 1990, up from $8.5 billion in 1989.

Honourable senators, my point is—

Senator Frith: Before you leave those figures, does that lead you to say that Ontario is not disadvantaged under Bill C-32?

Senator Kelly: In absolute terms, yes, it is not disadvantaged.

Senator Frith: What does "in absolute terms" mean?

Senator Kelly: I think that what we are arguing about here is the rate of growth. We are not talking about cuts. We are talking about whether 5 per cent is a sufficient rate of growth.

Senator Frith: We are talking about the effects of the legislation, and the poor cannot eat absolute terms. You cannot put butter on absolute terms, whatever it means. The fact is that they lose money.

Senator Kelly: I am simply saying that Senator Frith would have us infer that there is less government expenditure going into welfare and social services when actually there is substantially more than ever before in our history. If the argument is whether there is enough, then I think that argument could go on forever. But I do not like the suggestion that there is a cut, because there is not a cut.

Senator Frith: Ontario is disadvantaged. You are not suggesting that Ontario is not disadvantaged by Bill C-32. The social programs are disadvantaged. Do you accept that?

Senator Kelly: No.

Senator Frith: You do not?

Senator Kelly: No, I do not accept that.

Senator Frith: You do not? Very well; carry on. That does affect how seriously we take the rest of what you say, but carry on.

[Senator Kelly.]

Senator Kelly: Honourable senators, for prudent fiscal management governments require a much higher degree of financial certainty than has hitherto been the case, especially when governments do not control the actual outlay of money. The contributing government wants legitimately to know how much it is in for, and to establish a limit to its exposure. To do otherwise certainly, in my opinion, is to give up on any responsible approach to fiscal policy and deficit management. There is not a bottomless pit.

The federal government is not alone in this pursuit. The NDP government of Ontario, not a government known for its fiscal conservatism, has imposed rigid limits on expenditures in the health care sector, all in pursuit of financial certainty. We are all aware of last year's OMA agreement which imposes thresholds on physicians' OHIP billings and, by a complex formula, imposes a cap on total utilization of the OHIP pool. Other health care practitioners have had their OHIP fee-for-service schedule frozen at last years' levels, or levels characteristically below the rate of inflation. OHIP funding for out-of-country health care services has been severely restricted. Funding to Ontario hospitals has similarly been limited, a point to which Senator Frith alluded in his remarks.

These cuts cause a certain amount of hardship and inconvenience. That is understood. But the indisputable fact that we have to confront is that a new day has dawned. Uncontrolled government expenditures have to become controlled. Fat has to be squeezed out of the delivery systems. I do not think there is a person here who would not argue in support of the suggestion that our delivery systems need very careful scrutiny, far more than they have ever had before. I think this bill can force that situation to take place and be dealt with.

Since the federal government does not control the actual delivery of the dollars to health care and social services at the provincial level, the only effective mechanism available to it is to establish a limit on the willingness to fund that delivery.

The fact of the matter is that all levels of government must exercise fiscal restraint. There is no point in one level of government trying to do it alone. I think it is fair to say that some of the provincial governments, including the government of my own province, have come a little bit late to this realization. I note, as I have before in this place, that the previous Ontario government increased its expenditures on an annual basis approaching an average of 10 per cent while the economy was, on its own, experiencing a substantial growth.

Senator Barootes: Would you believe 14 per cent?

Senator Frith: If you suggest it, probably not.

Senator Kelly: This free and uncontrolled spending was a factor contributing to an overheated economy. It also served to neutralize the federal government's concerted campaign to reduce its own operating expenditures and borrowing requirements.

Honourable senators, why should the federal government shoot itself in the foot by contributing to free spending through uncontrolled or unlimited CAP, EPF or any other federal-provincial transfers.

I also note in passing that, in general, the need for fiscal restraint has not yet impacted on local government. I note from Statistics Canada figures for February 1992 that local government employment actually increased by 1.3 per cent during the last quarter of 1991 compared to the same quarter in 1990.

Honourable senators, as I said at the beginning of my remarks, expenditures for social services is certainly an emotional issue, but I think we do a disservice to all when we get caught up in the emotion and begin to lose sight of or confuse the facts. The facts are that more money than ever before, from every level of government, is going into the social services about which Senator Frith was so eloquent. Federal spending on social services is substantially larger than it was during the 1981-82 recession over which the previous government presided.

Senator Thériault: Why do you not explain why?

Senator Kelly: We are talking here about a proper management of government doing the best it can with the resources it has, and getting away from the idea that all it needs to do is borrow money, raise taxes or do something else to feed money into the system; that it need not worry about how efficiently its programs are delivered, just keep the money moving. You cannot do that any longer, honourable senators. It just is not on.

● (1520)

Honourable colleagues, I suggest we cut through the fog of distortion that has been laid down around this bill and recognize it for what it is, another step in this government's fiscal management strategy, not to cut, not to reduce, but to control.

Honourable senators, that is all I have to say.

Some Hon. Senators: Hear, hear!

Hon. Royce Frith (Leader of the Opposition): Honourable senators, I assumed when Senator Kelly smiled through almost all of that speech that it was just his natural amiability.

Senator Barootes: It is his engaging personality.

Senator Frith: He was unable to deliver it with a straight face. I ask him if he can answer this question with a straight face.

Senator Barootes: Stop smiling.

Senator Frith: Would he have made that speech if Bill Davis were still the Premier of Ontario?

Senator Simard: You do not have to answer that.

Senator Frith: Let the record show that Senator Kelly smiled.

Hon. Philippe Deane Gigantès: I have two questions to put to Senator Kelly, if I may. First, did Senator Kelly intend not to address the point that Senator Frith made, which was that increasing welfare payments by 5 per cent, when the number of welfare recipients is increasing by 39 per cent, is not a policy that will put food in the mouths of hungry children? Why did he not answer that question?

Senator Kelly: Honourable senators, I made an effort to make the point that, unless we impose limits on the increases in many of these areas, there will be little or no initiative directed toward improving the efficiency of the delivery of these services. I believe a lot of work must be done on that. Just saying it will not be enough.

Senator Gigantès: I have a second question.

Is Senator Kelly saying that the government will force people to starve so that the rich can re-examine how little charity to give?

The Hon. the Speaker: I am sorry, honourable senators, but the 15 minutes are up. I should also point out with respect to Senator Kelly's previous statement that the 10-minute time limit is on the motion.

Senator Frith: It is on the motion for time allocation.

The Hon. the Speaker: The motion for time allocation is 10 minutes except for the Leader of the Government and the Leader of the Opposition, and each speaker will speak no longer than 30 minutes. That is rule 41(2)(*a*) and (*c*). You were allowed 15 minutes.

Hon. Raymond J. Perrault: Honourable senators, a few days ago a public opinion poll in the province of British Columbia revealed that the popularity of the Conservative federal government has declined to 6 per cent. In British Columbia, we make beer with more spirit than that.

There are many reasons for this pronounced dislike: The thoroughly botched constitutional process; the reactionary GST tax; the indifference to the plight of the poorest in society; and certainly, as far as British Columbia is concerned, the feeling that B.C. has become a special victim in the government's transparent attempt to transfer many of its obligations to the provincial and municipal governments. It claims, and we heard the claim again today, that it is waging a valiant war against waste and profligate spending.

Well, the ploy is not working in my province of British Columbia. Canadians on the West Coast know what this game is all about. A federal government which claims that it is involved in an exercise of fiscal and financial good management is attempting to make provincial and municipal governments the villains. The new Tory party line is, "the provincial governments are the big spenders, despite our efforts to save money and reduce taxes".

The very week the government asked us to support this bill was the same week it announced that the Boeing Corporation would be forgiven a $13 million loan to facilitate the sale of Canadair to Bombardier Corporation. There is quite a lineup at that corporate food bank waiting for handouts—and they are getting them!. Listen to this: The cost of writing off this grant to Boeing Corporation is in addition to the $589 million in subsidies and investments from the federal and other levels of government.

Senator Barootes: Do you want them to close the plant down and put everybody out of work? Is that what you want?

Senator Perrault: This was the same week that rumours abounded that Canadian taxpayers would be called upon to rescue one of the major corporations in this country, which is in some financial trouble. This comes at a time when thousands of young Canadians are being hounded and harassed by collection agencies to pay their student loans. They simply cannot find work. No bailouts for them; no loans forgiven. The government has the money to contribute $5.5 million to build a national humour museum. In itself, that profligate action by the government is a form of sick humour.

There is little to laugh about these days. You hound the students, you take money away from the poor and the indigent, and you give money for a humour museum and to the Boeing Corporation and to de Havilland—everybody who lines up at the gate.

The Tory government takes a perverse joy in punishing certain specified provinces: British Columbia, Alberta, and Ontario. It is alleged that we are the so-called "have provinces". As a result, we are supposed to be prime targets for Tory discrimination.

People are pouring into British Columbia from all over Canada. They are landing on our local welfare rolls. The cost to local governments is simply enormous. As a result, the welfare rolls are growing, food banks are empty, bread lines are endless, and the federal government continues its mad dance with disaster, shoving its obligations on to the shoulders of the provincial and municipal taxpayers, forgetting all the time that there is only one taxpayer.

In the sixties and seventies, a Liberal federal government and the provinces established a jointly funded system of public health care and other programs. This is being reviewed today. The federal government committed itself to share the cost of those programs, and Canadians have long considered them to be a benefit of Canadian federalism. But those great social programs are now under assault by a Conservative government, which is in the process of what that government has described as "off-loading" them. The other, less polite, description of this off-loading process is "buck-passing".

What are the tactics? Reducing, or eliminating outright, certain federal transfers; limiting the growth rate of federal transfers so that the federal government's share of a program costs diminishes; imposing new conditions which narrow eligibility for federal cost sharing, or fully or partially withdrawing federal government services, thus increasing demands on corresponding provincial services.

Federal off-loading measures have affected a wide range of cost-shared programs including health care, post-secondary education, social assistance, economic developments and services to aboriginal peoples.

Of course the federal government wants to reduce the deficit and the debt, but its efforts to avoid associating itself with any program cuts are pathetic and represent an abdication of real leadership.

Conservative apologists will argue that the provinces are only being asked to bear their "fair share" of restraint. That is the line being used. However, cuts in provincial transfers represent 47 per cent of federal savings under the expenditure control plan, even though provincial transfers make up only 20 per cent of federal program spending. This proportion would be considerably higher if the current effects of off-loading measures implemented before 1990-91 were included. For example, the 1992-93 cost to British Columbia of Established Programs Financing restraint measures introduced before 1990-91 is about $750 million.

Federal off-loading actions have other effects. The effect on British Columbia of off-loading measures implemented since 1982 is $1.4 billion in 1992-93. This is equivalent to more than 75 per cent of our province's projected deficit. The total for all provinces is $11.4 billion. Provinces have had to raise taxes or increase debt to make up this federal shortfall. There have been increased demands on related provincial programs as a result.

Translated into hard, cold, economic facts, beginning in 1991-92 and by the year 2000, this so-called "federal restraint program" will involve a total loss of $33 billion for the province of British Columbia. And this government talks about "cooperative federalism".

We have thousands of people streaming into British Columbia from all over Canada looking for work. We have to pick up an enormous tab for this process—yet you put a 5 per cent cap on us? You should be ashamed. No wonder the federal Conservatives are at 6 per cent in the polls, and plummeting even at that.

The most important effect of federal buck-passing may be the rapidly growing federal-provincial fiscal imbalance. In other words, off-loading has greatly widened the gap between program responsibility and revenue capability of the two orders of government. Most of the growth in public sector spending is occurring in health care and other social services, areas of provincial jurisdiction.

Future predictions indicate that this trend will continue. Provincial spending on health, education and social services measured as a per cent of gross national domestic product will rise significantly in the future, even with expenditure restraint measures. By contrast, federal contributions to the provinces in these areas are projected to decline. Therefore, at the same time as provincial costs are rising, federal off-loading is reducing the funds available to provinces. Without corrective action, the fiscal imbalance between the federal and provincial governments will widen. A rapidly growing fiscal imbalance between the two senior orders of government in the Canadian federation is unsustainable and must be addressed jointly by both orders of government, and without the cynical, political buck-passing, which has been a feature of this government's operations since 1982.

● (1530)

As honourable senators are aware, since 1967 the federal government has provided funding through the Canada Assistance Plan to assist with provincial expenditures on income assistance and other social services for those in need. Under

[Senator Barootes.]

the original CAP agreement, federal payments equalled 50 per cent of eligible provincial expenditures. As part of its so-called Expenditure Control Plan, the federal government has imposed a special and discriminatory 5 per cent limit on the annual rate of growth in our provinces.

The three provinces that receive nothing in equalization—namely B.C., Alberta and Ontario—are contributors to Confederation and they are pleased to contribute, but they do not want to be victims of discrimination.

Honourable senators, the five per cent will continue until the 1994-95 fiscal year. The result is that B.C. must now fund 100 per cent of social assistance costs over this arbitrary threshold. This is wrong, immoral and unfair. As a result, we will see a reduction of more than $1.3 billion in B.C.'s CAP receipts over a five-year period—that is, from 1991 to 1994-95. British Columbia along with Alberta and Ontario, are the targets. This policy reflects the federal government's mad desire to redistribute provincial transfers at the same time as reducing them.

Discriminatory targeting has been chosen despite the fact that federal CAP funds are themselves transferred directly to persons in need, and the size of income assistance in a province is not closely related to the province's fiscal capacity. These programs are designed to help individuals.

Equalization is provided to those provinces that could not otherwise provide adequate levels of services to their residents without resorting to unduly high levels of taxation. Now, federal off-loading has also affected the fiscal equalization process. British Columbia is not eligible for equalization payments and, therefore, not directly affected by these changes.

Do you still wonder why there is little Conservative support in the province of B.C? Changes to the *Unemployment Insurance Act* which came into effect in 1990 will cost our province an estimated $60 million in increased income assistance costs in 1992-93.

The federal government has reduced its share of British Columbia's reforestation costs by $50 million.

In the mid-1980s, the federal government purchased $58 million worth of labour force training from B.C. Under a new agreement, the federal government gives only first consideration to provincial institutions for purchases up to a maximum of $26 billion in 1992-93. Are you trying to shut down the engine of economic growth in the west, at a time when there is a desparate need to retrain the unemployed?

As well, the federal government has reduced its payments to B.C. for the cost of child welfare services to off-reserve status Indians by $6 to $8 million a year.

Buck-passing has raised our province's costs in many other areas, including farm income stabilization, crop insurance, police services, economic development, social housing and correctional facilities.

The combined negative impact on British Columbia of federal cuts to smaller programs is at least $160 million in 1992-93.

In 1991, the federal government redesigned the unemployment insurance program. As senators are aware, the number of weeks of employment required to qualify for unemployment insurance was increased and it became more difficult to get benefits out of the program. As a result fewer people were eligible for unemployment insurance. This put pressure on provincial income assistance budgets and those of the municipalities, particularly in 1991 when employment growth slowed.

At the same time the federal government restricted the amount of income assistance that it would cost-share with my province and with Ontario and Alberta, as I mentioned earlier. This has had the effect of transferring to my province and to others the major portion of the incremental costs of providing food, clothing and shelter to a growing number of unemployed who are coming to B.C. from all over the country. These costs are reflected in income assistance expenditures. They are large and continue to increase rapidly. Increased income assistance expenditures are the results of policy decisions to increase the levels of benefits and rapidly expanding case loads. Case load growth has been the major factor.

Approximately 280,000 people in B.C. are now receiving income assistance, if dependents are counted. The rising number of people receiving income assistance can be attributed to a number of causes, including the slowdown in the economy, the work force expanding more rapidly than the jobs are being created, partly because of job-seekers who have come to B.C. from other parts of the country, and people from abroad. No wonder the people of B.C. are angry. To my friends on the other side of the chamber I can only suggest that you are leading us into ruin.

April 20 will mark the 339th anniversary of Oliver Cromwell's speech to the infamous Rump Parliament. Cromwell said on that occasion, "You have stayed in this place too long and there is no health in you. In the name of God, go!" I commend the words of Cromwell to that supine and silent group of government apologists who occupy seats on the other side of the chamber.

Some Hon. Senators: Hear, hear!

Hon. Jerahmiel S. Grafstein: Honourable senators, I had not intended to participate in this debate but it occurred to me as I listened to the other senators opposite and on this side that this measure is not properly labelled. In truth, it is an invisible constitutional bill. It establishes forever and a day within my province an eleventh province. That eleventh province is an invisible province whose people reside within the boundaries of Metropolitan Toronto.

This province is composed of 140,000 people, about the same size as Prince Edward Island. It is composed mostly of a third of our children. The people of this province do not have enough to eat; do not have sufficient clothing. That means that at least once or twice a month they have to get their weekly food at a food bank. During this period of growth in Ontario, the food banks have increased from 40 in the early eighties to over 140 food banks at the present time.

Essentially, honourable senators, we are institutionalizing by constitutional means an eleventh province in my province, except that these people have no voice. They have no power; they have no progress; they have no upward mobility to move from their state. As my honourable colleague the senator from Alberta said, we have established an under class. That under class is not getting smaller; it is growing.

There is, after all, honourable senators, a failure of our old Constitution. There is an attempt by the government to establish a new type of Constitution which will entrench this under class.

In every book that I have ever read of political science, I have been told that the purpose of government was to do three things: first, to feed the hungry; second, to provide clothing and shelter to those who need it; and third, to provide social justice. That is the permanent test of political philosophy in every book that I have read concerning the history of the growth of democracy. Surely, on those three simple tests, this bill fails, and because it fails, it should be withdrawn.

Hon. L. Norbert Thériault: Honourable senators, I want to speak briefly on behalf of the people from the Maritimes and, in particular, those from New Brunswick. It is no secret that over the years—and especially since the Tories came to power in 1984—a large number of people from the Maritimes have had to leave for either Ontario, Alberta or British Columbia. It is no secret that when the economy goes bad, generally speaking they are the first ones to suffer and to lose their jobs.

● (1540)

Over the years, people in the Maritimes have not been very happy that somehow since Confederation the provinces of central Canada, particularly Ontario, have progressed while they have gone down. Nevertheless, through the federal-provincial programs Ontario has always contributed in large measure to the well-being of the people in the Atlantic provinces and the poorer provinces.

For the life of me, I cannot understand, in a time when we are in a constitutional crisis, why the federal government would say to the three best-off provinces, "Regardless of the number of people you have depending on social assistance programs, we want to decrease your expenditures by 5 per cent. Senator Kelly, who I understand comes from the Toronto area, knows very well that in the 1981-82 recession or depression—call it what you like, because for a lot of people these recessions are depressions—the poor were never affected as they are today.

I come from a small village and I know a lot of poor people who have had to move to Toronto to look for jobs. They sometimes call me or write to me in desperation. When you are poor in Toronto and cannot pay your rent, or when you have to use every cent you have just to pay the rent, you need social assistance to feed and clothe your children. It is the people who are affected. It is not the government of Ontario. It is not government at all. Can't you see the difference between people and governments? The number of food banks has grown from about 75 to 300 in the past few years. Thousands of kids in Toronto don't have enough food. They are hungry. Don't you care?

More and more, this country is becoming like the United States and other countries where the rich get richer and the poor starve to death. People in government and business do not seem to understand that, when the working people are not working and have no money to spend, business goes down. That is one reason why the people of Canada have lost confidence in the government. Why is it that consumers are not spending? It is because they have lost confidence.

For the past seven or eight years the social safety net, which has been in place for decades, has been under attack from every side. Fishermen and farmers tell me that they are worried. People 50 years of age are worried that, if the trend continues, by the time they are 65 there will be no old age pensions. There will be no family allowance. Therefore, they are not spending their money. The fishermen in my community had a good season last year, but they are not spending their money. They are hanging on to it because they are scared.

The Unemployment Insurance Program has also been attacked from all sides. The people are worried and they are not spending. They have lost confidence.

Legislation like this bill that Senator Kelly is defending, and all other such legislation that his government has imposed on the people of Canada since coming to office, has destroyed the confidence of the poor people. They are worried. The older people and seniors tell their sons and daughters about the 1930s. There was wealth in Canada in the 1930s but where was it? They found out when war broke out. But at least when the war measures were put in place the people regained their confidence, and for 30 or 40 years the people of Canada had confidence in their institutions. Sure they changed governments, but who cared? I was not worried when the Liberal Government of Canada was defeated in 1978, because I thought we would have a continuation.

I am worried now, not for myself, perhaps, but for the poor people of Canada. Every day when senators rise to defend this kind of legislation they show that they are forgetting about people and thinking in terms of parties and power; they are thinking of themselves, people with power and money, and forgetting the reasons why people should have confidence in elected governments.

For God's sake, it is time for you to change. It is time for you to go back to what you were saying before 1984, that the social safety net is a sacred trust. If you had lived by that commitment you could have stayed in power two or three terms; it would not have mattered. Now it matters because you have destroyed the confidence of the people of this country. I am worried that the whole country will pay the price. For God's sake, wake up.

Hon. Stanley Haidasz: Honourable senators, having been, in the other place, Parliamentary Secretary to two Ministers of National Health and Welfare, I was proud of the social legislation of the Liberal governments between 1963 and 1984, and of the great progress that was being made in establishing a

[Senator Grafstein.]

social safety net for Canadians, especially as it would look after them in times of hardship, such as during the present depression. However, today we have reached third reading on Bill C-32, and I feel sad. I am sad, not only because this piece of legislation will hamper the needs of the provinces with respect to welfare payments for their disadvantaged people, but also because this piece of legislation is taking place under a cloud of diminished parliamentary democracy in this chamber.

● (1550)

This legislation is being passed under the cloud of closure. For the first time in the Senate's history, we are having closure on a piece of social welfare legislation. The Conservative government and senators opposite should be ashamed of their action today; doubly ashamed because this feature of closure was brought in improperly. It was brought in in June of last year on a mere majority. A major change to our rules such as introducing closure to our debates should have been passed by a two-thirds majority, as required both by the present and the previous *Rules of the Senate of Canada.*

Honourable senators, this method of forcing legislation on the Senate is so improper that provincial governments should not only challenge this bill in the arena of public opinion but also in the high courts of this country. British Columbia challenged this piece of legislation and won in their court, but they lost in the Supreme Court of Canada, unfortunately.

In my province of Ontario, the Minister of Finance has estimated that this ceiling on the CAP will cost the province at least $1 billion in the fiscal year that ends today. I have heard other estimates that in future years it will cost double the amount each year until 1995, when this legislation is supposed to expire.

Unfortunately, the people who will suffer under this legislation are the poor people; the poor who are getting poorer every year in Canada. The type of government that we have here, this so-called neo-conservatism, reminds me of heartless Reaganism in the United States and Thatcherism in the United Kingdom.

There are a few other remarks I would like to make. As a physician, I deplore the deterioration of the quality of health care in my province of Ontario, thanks to the federal government which has no heart for the poor and the sick of this country. More and more hospitals are closing more and more beds, laying off nursing staff and other help in the hospitals.

We know that the costs of health care have escalated out of all proportion to inflation, to quality of health care, or to the minimal growth of Canada's population, even with abundant immigration. However, this past winter and the one before, the Auditor General of Canada severely criticized the federal Department of Health and Welfare for its shoddy accounting practices, and also for its several apparent exorbitant expenditures such as travel allowances, presumably including the cost of shipping persons to other locales because medical service was not available locally.

The shadows of inside arrangements and price fixings are not dispelled by a department that is still two years in arrears for its books and full accounting of its spending. More important, honourable senators, the federal Department of Health and Welfare and the provincial ministries of health have, in one generation of 20 years and especially in the past decade, racked up expenditures some 15 times the cost of Medicare in its early years. I ask, has the health of Canadians degenerated fifteen-fold or has the population of sick people increased to such an extent that the cost of socialized services has escaped into orbit?

I would like to point out to honourable senators that in this period of time the single distinctive historical event, besides an increase in labour wage settlements and unionization of health care professionals, is the widening practice of performing procedures that are not health care at all. Here I mention the procedure of abortion, which is actually not health care.

Even in the other place NDP member Dawn Black, a proponent of access to abortion as a social good—something to which everyone should have equal access—concedes that abortion on demand has created a crisis in health care in Canada. In 1990 alone, over 95,000 recorded abortions were performed on Canadians, inclusive of some 1,500 performed in border states under the pretence of health care. As a result of this apocalyptic destruction of a small population, the actual number of young women of child-bearing years has been decreasing in Ontario. This is a direct result of the fact that they were not allowed to be born. The high numbers of abortions have, in 23 years, eliminated many women from our midst.

Honourable senators, there is no escaping the facts being debated here this afternoon. It is inadequate for the government, indeed for any government, merely to apply a poultice to the growing canker of high costs of health care in the provinces. Limiting transfer payments will only rub salt into these gaping wounds. What is needed, in truth, is a study of expenditures in non-elective procedures, in incidental outlays, in the failure of cost controls, in the need for expensive wage settlements and for lay-offs.

What must seriously be taken into account is whether or not this extra so-called "health procedure" is criminalized in statute, and whether or not it belongs in the federal jurisdiction alone and is not eligible health care.

Last year Superior Court Justice Kennedy in Nova Scotia pointed out that, in pith and substance, abortion belongs in the field of criminal law, a solely federal jurisdiction. Bill C-32 should be returned to the other place and reintroduced, perhaps, in an omnibus bill to specify with greater care and detail what is payable to the provinces for Medicare and what is not eligible health care.

Honourable senators, we had this great economic summit last week here in this city and it seems to me that it just crashed to the ground. It appears that the federal government does not see the needs of the provinces. It also appears that the federal government is blind to the needs of the people of the provinces. It is also very evident that the federal government is dumb. Yes, it is plain dumb and it has no compassion. It has

no understanding of the hardships that Bill C-32 will bring upon the people of the provinces.

I appeal to you, honourable senators, to open your ears, your eyes, and your hearts to the poor people who are going to be wronged by this legislation. Let us stop Bill C-32 from passing.

● (1600)

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

Some Hon. Senators: Yes.

Some Hon. Senators: No.

The Hon. the Speaker *pro tempore:* Will those honourable senators in favour please say "yea".

Some Hon. Senators: Yea.

The Hon. the Speaker *pro tempore:* Will those honourable senators against please say "nay".

Some Hon. Senators: Nay.

The Hon. the Speaker *pro tempore:* In my opinion, the "yea"s have it.

And two honourable senators having risen.

The Hon. the Speaker *pro tempore:* Please call in the senators.

The Senate adjourned to the call of the bell.

The sitting of the Senate was resumed.

The Hon. the Speaker *pro tempore:* Let the doors of the chamber be locked.

Motion of Senator Bolduc carried on the following division:

YEAS

THE HONOURABLE SENATORS

Atkins	Keon
Balfour	Lynch-Staunton
Barootes	MacDonald (*Halifax*)
Beaudoin	Macquarrie
Beaulieu	Meighen
Berntson	Murray
Bolduc	Nurgitz
Castonguay	Oliver
Chaput-Rolland	Ottenheimer
Cochrane	Robertson
Cogger	Roblin
DeWare	Ross
Di Nino	Rossiter
Doody	Simard
Doyle	Spivak
Forrestall	Sylvain
Grimard	Tremblay—36
Johnson	
Kelly	

[Senator Haidasz.]

NAYS

THE HONOURABLE SENATORS

Bonnell	Lewis
Bosa	Marchand
Corbin	Marsden
Davey	Molgat
Fairbairn	Neiman
Frith	Olson
Gigantès	Perrault
Grafstein	Petten
Graham	Rizzuto
Haidasz	Robichaud
Hastings	Sparrow
Hébert	Stewart
LeBlanc (*Beauséjour*)	Stollery
	Thériault
Leblanc (*Saurel*)	Watt—29

ABSTENTIONS

THE HONOURABLE SENATORS

Kelleher—1

Hon. James F. Kelleher: Honourable senators, Senator Stanbury is chairing a joint meeting of the House of Commons and the Senate at Meech Lake. In order that he could continue to chair that meeting, I agreed to abstain from this vote rather than bring him in, thus losing a quorum at that meeting.

The Hon. the Speaker *pro tempore:* Honourable senators, I declare the motion carried. Let the doors be opened.

● (1630)

ROYAL ASSENT

NOTICE

The Hon. the Speaker *pro tempore* informed the Senate that the following communication had been received:

RIDEAU HALL
OTTAWA
K1A 0A1

Mr. Speaker,

I have the honour to inform you that the honourable Beverley McLachlin, Puisne Judge of the Supreme Court

of Canada, in his capacity as Deputy Governor General, will proceed to the Senate Chamber today the, 31st day of March, 1992, at 5:00 p.m., for the purpose of giving Royal Assent to certain Bills.

Yours sincerely,

Judith LaRocque
Secretary to the Governor General

The Honourable
The Speaker of the Senate
Ottawa

PRIVATE BILL

ROYAL SOCIETY OF CANADA—BILL TO AMEND ACT TO INCORPORATE—SECOND READING—DEBATE CONCLUDED

On the Order:

Resuming the debate on the motion of the Honourable Senator Castonguay, seconded by the Honourable Senator David for the second reading of Bill S-7, an Act to amend An Act to incorporate the Royal Society of Canada.—(*Honourable Senator Frith*).

Hon. Royce Frith (Leader of the Opposition): Honourable senators, when Senator Castonguay also spoke to this bill on second reading on February 28 last, he mentioned how the Royal Society of Canada was incorporated by an act of Parliament in 1883. When reading the *Debates* of 1883, one is struck by how closely the Royal Society of Canada was modeled after the Royal Society of England and France's l'Academie.

The sponsor of the original legislation in the House of Commons, Mr. Tassé, took pride in the fact that that Queen Victoria herself—and at the north end of our gallery there is a handsome bust of Her Majesty, as she then was, looking down on this debate—approved of the initiative. Mr. Tassé told the house:

> Presumptuous though it may appear for mere colonists, as we are generally called, I am proud to say that it has received the cordial approbation of her Gracious Majesty Queen Victoria, who, we are happy to realize, at all times manifests the most lively interest for the development of literature, arts and sciences, not only in the United Kingdom, but wherever Her Imperial Sceptre extends—over Her vast domains on which the sun never sets. Far is it indeed from our aspirations to rival the famous Royal Society of England; but we wish to follow in its footsteps, inspired by its example, by its glorious traditions, and lay the foundation for a grand and powerful literary institution in this great land of Canada.

That was March 19th, 1883, at page 262 of the *Debates*.

Mr. Tassé also took pride in a letter received from Camile Doucet, permanent secretary of the French Academy. Senator Simard, and perhaps Senator Murray, might be interested in this. I would like to be able to read from this letter in the language in which it was originally written, but unfortunately the House of Commons *Debates* were not published in French until 1896. So although the secretary of the French Academy wrote to the Royal Society in French, and although Mr. Tassé read the letter to the House of Commons in French, only an English translation is available in the House of Commons *Debates*.

In any event, what I am about to read is a part of the letter, as translated, that the permanent secretary of the French Academy, Camile Doucet, wrote to the Royal Society of Canada.

> The Academy thanks you for having informed it of your organization, and for having done so with so much cordiality, and in language so elevated, so pure, and so French. The old Academy of France delights to extend its right hand of fellowship to the new born Royal Society of Canada, and wishing that it may, after 300 years of existence, be as flourishing as her elder sister has the happiness to be to-day.

I should say that the quote I had, not only of the letter but from Mr. Tassé's speech says, interestingly:

> After Recess.

ROYAL SOCIETY OF CANADA

Mr. TASSÉ (Translation)

So not only the letter was written in French, but Mr. Tassé's entire intervention was in French but was only published in English. It was not available in French.

The objects of the society were set out in the preamble of the 1883 legislation. They were "to encourage studies and investigations in literature and science", to publish original works and papers "of merit", to "offer prizes or other inducements for valuable papers on subjects relating to Canada", to aid in research, and, "to assist in the collection of specimens with a view to the formation of a Canadian Museum of archives, ethnology, archaeology and natural history".

Bill S-7, which amends the 1883 act, does not change the preamble, though some of it does now seem dated, particularly the reference "to assist in the collection of specimens with a view to . . ." establishing a museum. Time has, blessedly and impressively, overtaken the "with a view to" part.

We, of course, now have a network of museums, be they under federal or provincial jurisdictions. Federally we have, among others, a National Archives and Museum of Natural History, and provincially the institution which comes most readilyto my mind,—which is understandable, I suppose—is the Royal Ontario Museum in Toronto.

In any event, Bill S-7 leaves the preamble unchanged. The key amendment in the bill before us is the repeal of section 1 of the 1883 act, which severely limits the holdings of the society. Section 1 provides that the "annual value of real estate held at any one time for the actual use of the Society shall not exceed $4,000." I do not know what the magic is in $4,000 for property, but that, of course, appears with regard to property

qualifications of senators also. Though $4,000 may have been a princely sum in 1883, today it would not even pay the property tax on a commercial building, and Bill S-7 proposes that the society continue to have the power to acquire and dispose of real and personal property, but without limit as to value. That is the key provision before us.

● (1640)

What is interesting is that, although the limitation of $4,000 in real property occupied but two lines of section 1 in the 1883 act, the section itself is more than one page long for this reason: It contains the names of all the founding members of the Society. I have an observation I want to make about that, but perhaps honourable senators may be interested in first hearing some of those names. They might ring a familiar bell for general or special students of history.

The first name I refer to is John William Dawson, who was the principal of McGill and a geologist. These descriptions, incidentally, do not appear in the 1883 act; just the names appear. I provide this additional information for whatever edification it might be:

—John William Dawson who was the principal of McGill, a geologist, and the first Canadian-born scientist of worldwide reputation.

—The Honourable Pierre-Joseph-Olivier Chauvreau, who was a lawyer, a senator, premier of Quebec, and dean of Laval's law faculty.

—Sir Daniel Wilson, who was one of Canada's best-known scholars, and the first president of the University of Toronto.

—Sir John George Bourinot—a name that will be familiar—whose work on procedure we still refer to.

—Alfred Richard Cecil Selwyn, a geologist, after whom the Selwyn mountains that straddle the Yukon-Northwest Territories were named.

—George Lawson, Canada's first professional botanist and founder of the Botanical Society of Canada.

—Charles Baillairgé, member of the fourth generation of the Baillairgé family of architects, sculptors and painters. Charles Baillairgé designed over 180 buildings, supervised construction of the Parliament buildings in the 1860s, and was the chief engineer for Quebec City for more than 30 years.

—Robert Bell, also a geologist—that so many of these prominent Canadians were geologists and scientists indicates the importance of Canada's mineral resources—who surveyed Northern Ontario for the transcontinental railway and was one of Canada's leading explorers of the Far North.

—Sir William Osler, writer, educator and at the turn of the century probably the best known physician in the English-speaking world. He became the first professor of medicine at Johns Hopkins University in the United States, and then Regius professor of medicine at Oxford.

[Senator Frith.]

—Napoleon Bourassa, architect, author, painter and sculptor, one of Canada's leading 19th Century artists.

—The Honourable Félix-Gabriel Marchand, lawyer, journalist and playwright who, in 1897, became premier of Quebec.

—Lieutenant-Colonel David Denison, a military historian of international repute and commander of the Governor General's Body Guard that fought in the 1866 Fenian Raid.

—John Macoun, explorer and Canada's foremost naturalist. He alone discovered more than 1,000 new species of plants. His collection of flora and fauna became the foundation for the National Museum of Natural Sciences.

—Joseph-Clovis-Kenner Laflamme, priest, scientist, professor of geology and physics at Laval. When he died in 1910, he was acknowledged as being the leading scholar in French Canada.

—The Reverend William Lyall, writer, philosopher, and professor at Dalhousie. His major works concerned the bringing together of the emotions and intellect in man.

—The Reverend John Clark Murray, scholar, philosopher, and a fighter for women's political and educational rights.

—John Watson, the only Canadian philosopher ever to be invited to give the prestigious Gifford Lectures in Edinburgh, Scotland, author of eight books and more than 200 articles.

—Louis-Honoré Fréchette, playwright, unofficial Poet Laureate of French Canada, the most important man of letters in 19th Century Quebec.

—Sir Sanford Flemming, about whom I suppose I need not say anything.

I know I can say personally that I can remember that my father, although he was famous for many more things, was a civil engineer, and in his earliest career actually did surveys out west for the old Grand Trunk Railway. I remember him talking of Sir Sanford Flemming who did the same thing, among other things, but achieved more distinction than my father did in that field. Of course, as you know, Sir Sanford Flemming is famous for much more than that.

Honourable senators, these are the names that loom large in the history of our country, but which, unfortunately, fewer and fewer Canadians have any knowledge of.

That brings me to an important part of this bill, because with the repeal and replacement of section 1, those names are to be struck from the act which incorporates the Royal Society of Canada. I do not think that is a good idea. It is something that the committee should look at.

I mentioned earlier that Bill S-7 does not change the preamble which contains the objects of the Society. However, the preamble begins with the words, "Whereas the persons hereinafter mentioned have . . ." It then goes on to say what they have joined to do, the names that I have just mentioned,

these distinguished Canadians in our history. They joined together to form the Royal Society of Canada.

If the preamble remains unchanged but the names are removed through the repeal and replacement of section 1, apart from the unfortunate removal of the names of these distinguished Canadians, there will be a certain inconsistency, because the preamble says, "Whereas the persons hereinafter mentioned have . . .", and then when you read on in the new bill, you do not find those "hereinafter mentioned" persons. As I say, if the preamble remains unchanged but all the names are removed through the repeal and replacement of section 1, we will have a consolidated bill which in the preamble refers to persons who are not named and do not exist—names that have been chucked into the dust-bin of history.

Perhaps Senator Castonguay could help me with this. His remarks of February 28 made no mention of any change to the objects of the corporation or to the preamble which contains those objectives. I can only assume that this is not what was intended by the directors of the Royal Society of Canada. I cannot imagine that the Royal Society in Britain or l'Acadamie in France would ever change a bill that would remove the names of the original founders. I do not think we should do so.

In addition to replacing section 1, Bill S-7 repeals sections 5, 6 and 8 of the 1883 legislation.

Section 5 provided that the by-laws of the Society were to continue as the by-laws of the new incorporated entity. As Senator Castonguay mentioned, this provision has been overtaken by time. Sections 3 and 4, which deal with the making of by-laws, gives the Society all the authority it needs in this respect.

Since section 6 of the 1883 act provides that the officers of the Society will continue as the officers of the newly incorporated Society, I do not think that 109 years later these individuals still require the protection that that provision afforded them.

Finally, section 8 is being deleted. This is how that provision reads:

> No person otherwise competent to be a witness in any suit or prosecution in which the Society may be engaged, shall be deemed incompetent to be such witness by reason of his being or having been a member or officer of the Society.

Senator Castonguay mentioned that section 8 was being repealed because it had served its purpose. I do not quite understand that. Perhaps we can explore in committee what that purpose was and how time has rendered it redundant.

The last item I wish to deal with is section 9 of the original act, which reads:

> The Society shall make annual reports to the Governor-General and to both Houses of Parliament, containing a general statement of the affairs of the Society, which said reports shall be presented within the first twenty days of every Session of Parliament.

• (1650)

I was somewhat puzzled as to why that section was not being deleted by Bill S-7, and this is why. Though the Royal Society of Canada is obligated to report annually to both Houses of Parliament, it did not so report in 1991 or in 1990. It last reported, as best I could determine it, on October 3, 1989—two and one-half years ago. Section 9 requires it to report within 25 days following the start of a session. We have been in the Third Session of this Parliament since May 13, 1991, and there is still no report. Why do we want to have this directive of the Parliament of Canada if the Royal Society prefers to ignore it—apparently with impunity?

Do not misunderstand me, honourable senators; I am not suggesting that section 9 should be repealed, but the committee should look at either removing it—which I hope they do not do because I think we should have the report—or in some way making it clear that we expect compliance.

I do not believe that any of us have difficulties with the primary objective of Bill S-7, namely the removal of the $4,000 real property limitation, but I cannot say that I am captivated by some of the drafting that has been employed in Bill S-7 in an attempt to achieve this straightforward objective, and I have explained why.

What am I asking the committee to particularize in its study of this bill? Well, the bill before us sweeps out the door the names of giants in Canadian history. I do not think we should do that. The end result is that it produces a new Royal Society of Canada Act that is internally inconsistent. Perhaps the committee will be able to provide us with a solution, or at the very least some answers, as to why this approach was taken. I am sure that it was just an oversight—that is, I hope it was.

While it is undertaking this study, perhaps the committee could determine why the society is asking that section 9 remain in the act, particularly since it has shown little inclination to abide by it recently. I also mentioned that it might be singularly appropriate for the committee to have a look at the reason why section 8 has become dépassé, because there is no explanation for it. It may very well be that it has, but I ask the committee to impart that.

In closing, honourable senators, I made it clear at the beginning that we support this bill at second reading in the expectation that some of these irritants, or should I say discrepancies will be addressed by the committee.

[*Translation*]

Hon. Arthur Tremblay: Honourable senators, first, a few words of explanation as to why I am speaking after Senator Frith. Indeed, Bill S-7 is in my name. Unfortunately, I have been unable to attend the Senate the day the bill was to be read a second time, and Senator Castonguay was kind enough to take my place on that occasion.

So, at his request, I am rising today as if I had introduced the bill myself on second reading. I wish to thank the honourable senator for having stood in for me.

About Senator Frith's comments, I think that, as he said himself, considering that the bill will be passed unanimously

on second reading, the proper time to deal with his comments is at the committee stage.

Incidentally, I must say that I was very impressed by the account of what had become of the founders of the Royal Society, particularly by their request as the result of which Her Majesty authorized the creation of the Royal Society.

Indeed, in the early days of the Royal Society, many distinguished people contributed to Canada's history. I think in particular of P.J.O. Chauveau who, as Senator Frith mentioned, was Premier of Quebec at the time of Confederation.

He also was, in those days, Minister of Education or Minister of Public Instruction as he was called then, after having held the position of Superintendent of Public Instruction in the Province of Canada. Having worked in that field most of my life, I realize that this great figure did play a very important role in shaping my perception of Quebec's history, especially in the field of education.

Strangely perhaps, Félix-Gabriel Marchand, who later became Premier of Quebec, was also involved in education which was one of his goals. While he was Premier, in 1896 or 1897, he tried to restore the Ministry of Public Instruction which had been abolished in 1875. He managed to put his legislation through the Commons so to speak, I mean the equivalent of the House of Commons, the National Assembly.

It is the Senate, or its equivalent the Legislative Council, which killed the bill creating or re-establishing the education department.

Time has changed. Anyway, we could go on about all the famous people who helped create the Royal Society of Canada. Senator Frith did it to a certain extent. I took the liberty of adding a few details on some of them. This being said, I propose that the Senate pass unanimously Bill S-7. After that, I will propose that the Bill be referred to the Standing Committee on Legal and Constitutional Affairs.

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?

On motion of Senator Tremblay, bill referred to the Standing Senate Committee on Legal and Constitutional Affairs.

[*English*]

The Hon. the Speaker: Honourable senators, pursuant to rule 136(8) I must interrupt the proceedings. The Senate will now adjourn during pleasure to await the arrival of the Honourable the Deputy of the Governor General.

The Senate adjourned during pleasure.

● (1700)

ROYAL ASSENT

The Honourable Beverley McLachlin, Puisne Judge of the Supreme Court of Canada, in her capacity as Deputy 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 Governor General was pleased to give Royal Assent to the following bills:

An Act to amend the Northwest Territories Act (*Bill C-64, Chapter 6, 1992*)

An Act to amend the Canada Assistance Plan (*Bill C-32, Chapter 9, 1992*)

The Honourable John Fraser, Speaker of the House of Commons, addressed the Honourable the Deputy 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 bills:

An Act for granting to Her Majesty certain sums of money for the public service of Canada for the financial year ending the 31st March, 1992 (*Bill C-65, Chapter 7, 1992*)

An Act for granting to Her Majesty certain sums of money for the public service of Canada for the financial year ending the 31st March, 1993 (*Bill C-66, Chapter 8, 1992*)

To which bills I humbly request your honour's assent.

The Honourable the Deputy Governor General was pleased to give the Royal Assent to the said bills.

The House of Commons withdrew.

The Honourable the Deputy Governor General was pleased to retire.

The sitting of the Senate was resumed.

BUSINESS OF THE SENATE

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, I ask that all remaining orders, inquiries and motions stand.

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

Hon. Senators: Agreed.

The Senate adjourned until tomorrow at 2 p.m.

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MEETINGS OF THE SENATE COMMITTEES

(*Subject to change from day to day*)

WEDNESDAY, APRIL 1, 1992

TRANSPORT AND COMMUNICATIONS

Room 250-EB.....When the Senate rises

(*In Camera*)

Future business of the Committee.

THURSDAY, APRIL 2, 1992

CONFLICT OF INTERESTS

(Special Joint)

Room 200-WB .....9:30 a.m.

Mandate of the Committee in relation to the subject-matter of Bill C-43, An Act to provide for greater certainty in the reconciliation of the personal interests

THURSDAY, APRIL 2, 1992 (*Cont.*)

and duties of office of Members of the Senate and of the House of Commons, to establish a Conflict of Interests Commission and to make consequential amendments to other Acts.

TUESDAY, APRIL 7, 1992

SOCIAL AFFAIRS, SCIENCE AND TECHNOLOGY

Room 257-EB.....6:00 p.m.

Study on the concept, development and promotion of Canadian citizenship.

(*Copies of printed proceedings of meetings of Senate Committees available upon request.*)

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CANADA

Debates of the Senate

3rd SESSION • 34th PARLIAMENT • VOLUME 134 • NUMBER 57

OFFICIAL REPORT
(HANSARD)

Tuesday, March 31, 1992

THE HONOURABLE GUY CHARBONNEAU
SPEAKER

CONTENTS

(Daily index of proceedings appears at back of this issue.)

Editor of Debates: **Flavien J. Belzile,** Room 148-N, Tel. 996-0854

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THE SENATE

Tuesday, March 31, 1992

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

Prayers.

SENATORS' STATEMENTS

GENERAL ELECTION

NUMBER OF DAYS LEFT IN CURRENT TERM

Hon. Royce Frith (Leader of the Opposition): Honourable senators, Senator Murray's democratic colleagues have 235 days to call an election, and his colleagues who are cowardly and contemptuous of democracy have 621 days.

ABORIGINAL LANGUAGES DAY

Hon. Joyce Fairbairn: I would like to draw to the attention of senators that today is Aboriginal Languages Day, a time to reflect upon the fundamental importance of education and communications to the future opportunities for our aboriginal Canadians—education and communications, not just in our languages but in theirs. And that is basic to the survival of aboriginal pride and history and culture in this country and the incentive for young people in the aboriginal communities to strive for learning and involvement.

Each senator will have received a letter from the National Chief of the Assembly of First Nations who has asked us to reflect on this matter today. I just want to quote one paragraph from that letter in which Ovide Mercredi says:

> This land is the homeland of our mother tongues. Canada is our motherland. If our languages disappear from Canada, part of the history also disappears. If our languages disappear from Canada, they cannot be retrieved from another land.

In the poster which accompanies this letter from the Assembly of First Nations and the Native Council of Canada is another very meaningful quotation which tells us, "If we can speak and understand our language, our elders can then tell us who we are."

Honourable senators, this is an effort well deserving of our support.

THE CONSTITUTION

RESPONSE TO BEAUDOIN-DOBBIE REPORT

Hon. Philippe Deane Gigantès: Honourable senators, yesterday, after I spoke on the Beaudoin-Dobbie report, the honourable Senator Roblin spoke. He made a number of points. One was that an elected Senate with powers would act as a curb on the executive and, therefore, on the House of Commons. I suggest that our Constitution of 1867, which established the Senate, had precisely that aim; that is precisely what the founding fathers declared as the purpose of the Senate.

There is another federation with a Parliamentary system like ours—not a congressional one. I am referring to Australia which also has a senate with power to curb the executive, that is the lower house, and it gives the prime minister the power of double dissolution. But there is another point. Very eloquently, Senator Roblin said we must first feel Canadian to be able to solve the country's problems, that he himself is a loyal Manitoban, but he is first a Canadian. I compliment him for that. I am first a Canadian also.

However, these myths in Quebec that I was talking about have made a profound difference there. I know too few Quebecers who are Canadians first. They are, first, Quebecers. The problem we have to face is how to find a constitutional accommodation between 20 million people who feel Canadian first and whatever their province is second, and 6 million who feel they are Quebecers first and Canadians second.

If Senator Roblin thinks that is not important, I invite him to look around the next time he is in caucus and try to count among his colleagues who are Francophones from Quebec those who are Canadian first. In this chamber I can name Senator Bolduc, who I think is Canadian first; I think Senator Beaudoin is Canadian first, as is Madame Chaput-Rolland, and after that I will speak no more. I leave it to Senator Roblin to judge them.

DEBT SERVICING AND REDUCTION ACCOUNT BILL

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-21, relating to the accounting of certain payments for the servicing and reduction of the debt of Canada.

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

On motion of Senator Lynch-Staunton, bill placed on the Orders of the Day for second reading on Thursday next, April 2, 1992.

[*Translation*]

GOODS AND SERVICES TAX

PRESENTATION OF PETITIONS

Hon. Jacques Hébert: Honourable senators, I have the honour to present petitions signed by 150 residents of the

province of New Brunswick who object to the goods and services tax. These petitions are mostly from Saint John, Hampton, Sussex, Oromocto and Saint George.

I have also the honour to present petitions signed by 25 residents of the province of New Brunswick who object to the goods and services tax. These petitions are mostly from Fredericton, Grand Falls and Oromocto. This is a total of 275 residents of the beautiful province of senator Simard who, so far, never presented a single small petition signed by his fellow New Brunswickers, either for or against the GST.

I thank you.

[*English*]

VETERANS AFFAIRS

PRESENTATION OF PETITION

Hon. Jack Marshall: Honourable senators, while it might be after the fact, its being 14 months since the Senate Subcommittee on Veterans Affairs tabled its report entitled "It's Almost Too Late", I have the honour to present a petition which I have today received from J.J. Strong of St. John's, Newfoundland, containing the names of 36 Newfoundlanders supporting the recommendations contained in that report, and applauding the recent announcement by the Minister of Veterans Affairs of the recognition of merchant seamen as veterans.

I would smuggle in a word of thanks to Senator Thériault for his kind words on March 26, and express the fact that, despite the criticism the Senate receives from across the country, the Senate can perform its duty for regions and for minorities. I am proud that the Minister of Veterans Affairs and the government have seen fit to grant all benefits to merchant navy veterans.

● (1410)

QUESTION PERIOD

THE CONSTITUTION

ABOLITION OF SENATE—STATEMENT OF MINISTER

Hon. Royce Frith (Leader of the Opposition): Honourable senators, I have a question for the Leader of the Government in the Senate that I would ask him to take up with his colleague, Mr. Clark.

Recent news stories state, for example, "Clark Menace les Provinces D'abolir le Sénat". The English version reads, "Clark Threatens to Abolish the Senate". This is part of the negotiating process and is a reaction to a statement by one of the provincial premiers.

I must say that I am surprised at Mr. Clark's statement. It sounds like an attack—I hope an uncharacteristic attack—of delusions of grandeur, or even megalomania. I must confess that I have had certain attacks, which I have had to put down, of respect, affection, even admiration for Mr. Clark. I cannot imagine him saying that.

Senator Barootes: Read the rest of his statement.

Senator Frith: If he did not know much about the Canadian Constitution before his recent obligations—I expect he did know plenty about it—he certainly does know a lot about it now. For any member of the government or the House of Commons or the Senate to say to a provincial premier, "I might abolish the Senate," indicates an unbelievable lack of knowledge, which I do not believe is true in his case.

Of course, Mr. Clark cannot abolish the Senate; the Prime Minister cannot abolish the Senate; the House of Commons cannot abolish the Senate; the Senate cannot abolish the Senate; one provincial premier cannot abolish the Senate; two cannot; three cannot; four cannot; five cannot. It takes all of them put together—the House of Commons, the Senate and all of the provincial premiers—to abolish the Senate.

I wonder if the Leader of the Government in the Senate will give Mr. Clark the opportunity, through him, to explain to the Senate that he never had such an attack of megalomania that would mean that he thinks he can abolish the Senate.

Hon. Lowell Murray (Leader of the Government): Honourable senators, the Leader of the Opposition should not infer from a headline or even from a news report that Mr. Clark is unaware of the fact that it would take the consent—

Senator Frith: Quite right. That is exactly why I want you to ask him.

Senator Murray: —of Parliament and the 10 provinces to abolish the Senate.

Having said that, the abolition of the Senate is always one of the options that are discussed when the question of Senate reform comes up. One or two provinces have favoured it. There is a political party in this country that has always favoured it. There are some who think that some of the models for Senate reform are so bad that abolition would be preferable. So abolition is a matter that is always under discussion when the subject of Senate reform comes up.

I shall draw the honourable senator's question—if it was a question—to the attention of my colleague.

Senator Frith: Honourable senators, I thank the Leader of the Government for his characteristic lecture. Of course, that is not necessarily an inference. The point of the question was to give Mr. Clark an opportunity, through the Leader of the Government in the Senate, to tell the Senate that that would not be a proper inference.

THE ECONOMY

FIRST MINISTERS CONFERENCE—ONTARIO ECONOMIC ANALYSIS TABLED—REQUEST FOR FEDERAL RESPONSE

Hon. Jerahmiel S. Grafstein: Honourable senators, last week at a meeting of the federal-provincial first ministers and ministers of finance, the Ontario government tabled an economic analysis describing Ontario's apparent asymmetrical or unbalanced receipt of transfer payments for social purposes from the Government of Canada. The press reports following

that meeting, or during the meeting, stated that the Prime Minister and the Minister of Finance violently disagreed with Premier Rae and the Ontario government's economic analysis.

My question is this: Has the government of Canada prepared its own written analysis, and would it make it available to the Senate in response to the Ontario government's position?

Hon. Lowell Murray (Leader of the Government): The answers are yes and yes, honourable senators.

Senator Grafstein: When?

Senator Murray: I don't have the document in front of me, but there is one, and I will be glad to bring it in.

● (1420)

[*Translation*]

THE CONSTITUTION

STATEMENT BY THE MINISTER OF NATIONAL HEALTH AND WELFARE

Hon. L. Norbert Thériault: Honourable senators, I have a question for the Leader of the Government in the Senate. It stems from the headline of an article in the *Journal de Montréal* where minister Benoît Bouchard is quoted as saying:

> I will not fight machine guns with a pocketknife.

Mr. Bouchard, the federal Minister of Health and Welfare, keeps refusing to go and defend his government's position in Quebec.

Hon. Lowell Murray (Leader of the Government): Says who?

Senator Thériault: Can the Leader of the Government in the Senate tell this House what Mr. Bouchard's statement means when he states that he will not fight machine guns with a pocketknife?

Senator Murray: What is the nature of the question? I hear what the honourable senator has just said. All I want to know is the specific nature of the question the honourable senator is asking me and wants an answer to.

[*English*]

Senator Frith: You be a good boy and listen to how things should be done!

[*Translation*]

Senator Thériault: I think my question was explicit. What does the minister mean by that or what is he saying?

Hon. Jean-Maurice Simard: Ask the minister himself. You are in the wrong Chamber.

Senator Thériault: Between Senator Frith and Senator Simard, there is not much room left for me. Is minister Bouchard comparing the Beaudoin-Dobbie report to a pocketknife and the Allaire or Bélanger-Campeau report to machine guns? What does he really mean? He is not the only one involved in that statement. Bouchard and Loiselle are as well. They are the three musketeers of separatism in the Canadian government. What does he mean? Is he not satisfied with the Beaudoin-Dobbie report? If that is not the case, what does he want then? Why fight with Quebec?

Senator Murray: Honourable senators, I would be glad to refer the question to my colleague, Mr. Bouchard and to ask him whether he would like to comment on the statement that appeared in the *Journal de Montréal*. That being said, I am not surprised to see that Mr. Bouchard and his government colleagues would much prefer to defend constitutional proposals that are supported not just by the federal parties but also by the other provinces.

Senator Thériault: Honourable senators, Mr. Clark is not reluctant to go to Alberta to defend the government's position or the Dobbie-Beaudoin report on Senate reform. The Prime Minister of Canada does not hesitate to go to Quebec. In fact, he went last week, and thank God we have at least one member of the government defending the Canadian position in Quebec.

How can the Leader of the Government in the Senate and all my Senate colleagues from Quebec justify their complete silence, when their Prime Minister is prepared to go and defend Canada's position in Quebec, and meanwhile, they are neither saying nor doing anything at all for our country in Quebec? They are members of the government. They are not only members of Parliament from Quebec but they are members of the federal government. What kind of attitude is that?

Senator Murray: Honourable senators, Senator Thériault is wrong about the position taken by Mr. Clark, the Minister responsible for Constitutional Affairs. Mr. Clark is not defending the Beaudoin-Dobbie report on the Senate. Mr. Clark is defending the concept of Senate reform, the details of which have yet to be negotiated. Mr. Clark is defending this concept while urging all parties to approach the issue in a spirit of compromise. That is what the government ministers are defending. They are defending the concept of Canada, a united Canada. I can't help it if the media do not always report every statement by every minister.

I can give the honourable senator the assurance that my cabinet colleagues from Quebec and the other provinces share his commitment to Canada.

Senator Thériault: Honourable senators, in an interview or a debate that I saw on television, when told by a provincial colleague from Alberta that if he did not change his position, he would be beaten in the next election, Mr. Clark said, as any minister in a Canadian government should say:

> It is more important for me that Canada remain united than that I be re-elected.

That is the kind of position we should expect from any minister in a Canadian government. That is the sort of position that Messrs. Bouchard, Loiselle and so on should take in Quebec. If they are not prepared to take such a position, they should resign from the Government of Canada and go to the Government of Quebec. That is the position that all my fellow senators from Quebec should take if they really believe in our country.

Senator Simard: You are in no position to teach us a lesson.

Senator Thériault: The media report it every day. Of all the ministers in the federal government, only Brian Mulroney is ready to go to Quebec and defend federalism. It is sad to see our country in that state. Canadians have lost confidence.

Canadians do not know if some important members of the Government of Canada are for separation or Canadian unity.

Honourable senators, I have another question for the Leader of the Government in the Senate. After the statement that the Minister of National Defence made last week or the week before, how can he be allowed to go back on the federal government's promise to build a depot in Moncton, in the Maritimes? A formal promise had been made and announced. He made that promise without saying whether he is for separation or for Canada. Are Canadians not right to wonder what is going on in this country?

Could the Leader of the Government in the Senate ask Mr. Masse—Before making the decision to build a $100-million depot for National Defence in Montreal, should we not at least wait for the result of the referendum and see what side Mr. Masse takes in Quebec?

Senator Murray: Honourable senators, the decision of the Minister of National Defense was made in the light of the changes in foreign policies as well as Defense policies that we have witnessed around the world. The situation has changed drastically, and so have the budgets of the Department of National Defense. Already in the last four or five years, the government has cut maybe $5 billion in the expenses projected for the future. It was a matter of centralizing some depots in Montreal and Edmonton. The decision was made strictly for financial and economic reasons, and to improve the efficiency of the Department's operations.

Senator Thériault: Honourable senators, it is still the same figure of $100 million; it is always the same figure. It was $100 million for Moncton, and now it is $100 million for Montreal. The decision has been made. How many other decisions made by the present government are strictly politically motivated?

I am convinced that people in New Brunswick would be able to accept this new setback if, at least, they could be sure that this facility for Canadian militia will be located in a Canadian province.

Is the Leader of the Government in the Senate prepared to say today that if Quebec is no longer part of Canada, this facility will not be constructed in Montreal?

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, my questions follow those of Senator Thériault. Immediately after the Beaudoin-Dobbie Report was tabled, the Prime Minister said, I regret not having his exact words, that it was an excellent report. The Prime Minister spoke very highly of this report. Is that the position of the Department? Is that a departmental decision or is it purely a decision made by Mr. Mulroney?

Senator Murray: Honourable senators, the Beaudoin-Dobbie Report is a report prepared by a joint committee of the Canadian Parliament. The report as such is not binding on the government. The honourable senator knows that it is the intention of the government to examine all the recommendations made in the report, and consult the provincial governments before formulating a series of official proposals. As I said earlier, a series of proposals that would not only have the support of federal political parties, but also of provincial governments.

Senator Molgat: I understand that very well. Nevertheless, the Prime Minister made a formal and very favourable statement concerning this report. My question does not have to do with what the government will do: It has to do with this statement made by the Prime Minister. Was that the position of the department or simply the position of the Prime Minister?

I want a clear answer. I do not want long evasive speech. Is it simply what the Prime Minister thinks, or is it what the department thinks?

Senator Murray: It is what the Cabinet thinks. Of course, the Prime Minister speaks on behalf of us all. It is not only a question of ministerial solidarity; the Prime Minister was right in praising this report as the best offer ever made to Quebec. We all share this opinion of the Prime Minister.

Hon. Philippe D. Gigantès: Even Mr. Masse?

• (1430)

Senator Murray: Yes, even Mr. Masse doesn't challenge the Prime Minister's assessment of the report, and he never did.

Senator Gigantès: And Mr. Loiselle?

Senator Murray: I said all.

Senator Molgat: So this is clearly a position taken by all members of cabinet.

Senator Murray: Every single one.

Senator Molgat: A cabinet decision is binding on all ministers. There are no two ways about it. So why isn't Mr. Benoît Bouchard and others with him not prepared to go and defend Canada, and this includes Mr. Loiselle and Mr. Masse? Why aren't these ministers prepared to go and defend Canada in Quebec? Are they federal ministers or are they Quebec ambassadors to cabinet? If they are federal ministers, and if there is a cabinet position, don't they have an obligation under our political system and according to their own conscience to go out and defend positions taken by cabinet.

Senator Murray: Honourable senators, the Deputy Leader of the Opposition spends his weekends in Manitoba. My cabinet colleagues from Quebec spend their weekends in Quebec, where they vigorously defend Canada.

Senator Thériault: And the interests of Quebec?

Senator Molgat: So why did he say he was not prepared to go and fight to defend Canada? He was unwilling to go to battle with a knife. The Prime Minister stated the Beaudoin-Dobbie report was outstanding, and you told me it was a cabinet position, but this minister said it was just a knife

against a battery of machine guns and he was not prepared to defend the report.

Senator Murray: Honourable senators, as I said before, according to the Prime Minister's assessment of the Beaudoin-Dobbie report, this is the best offer ever made to Quebec. However, the government is not committed to every single one of the report's recommendations. The content of the constitutional proposals remains to be negotiated by the federal government with the provinces. Eventually we will have a whole series of official proposals to put forward. The honourable senator is aware of the timeframe that has been set. As far as Canada is concerned, Minister Bouchard and all my cabinet colleagues from Quebec, like our colleagues from the other provinces, are constantly defending Canada in their own regions.

Senator Molgat: Mr. Minister, you are beating around the bush, as usual, whenever there is a question you don't like. But let's get back to the point. You gave me the assurance that cabinet agreed with the Prime Minister's statement. If cabinet agreed with what was said by Mr. Mulroney—as you will recall, he was lavish in his praise, and I am sorry I don't have his exact words—if that is the case, doesn't this mean that Ministers Bouchard, Masse and Loiselle have an obligation to go to Quebec and say so?

Senator Murray: Honourable senators, the three ministers referred to by the Deputy Leader of the Opposition all fully endorsed what the Prime Minister had to say about the Beaudoin-Dobbie report.

Senator Molgat: Can you quote chapter and verse? A minister is reported as saying he wouldn't do it. He said he wouldn't. It was like using a knife against a machine gun. You are telling me he will. Give us just one example, one instance.

Senator Murray: Mr. Masse, Mr. Bouchard and Mr. Loiselle have all three fully endorsed the Prime Minister's statement that the Beaudoin-Dobbie Report was the best offer Quebec ever had.

Senator Molgat: Mr. Minister, we would be delighted to hear about a speech by one of these three ministers. Bring us a speech that shows they said something positive about Canada and the Beaudoin-Dobbie report. If you are so sure, bring it in. We can wait.

Senator Thériault: Honorable senators, I am going to quote for you what Mr. Benoît Bouchard said:

> The Prime Minister, and he is supposed to as head of the Government, has decided to be very clear. But it is not because Loiselle, Masse, other Ministers or myself don't wave the Canadian flag standing out on the barricades . . .

Senator Simard: It is senator Hébert who said that last year!

Senator Thériault: . . . are not waving the Canadian flag. Then, what flag are they waving?

[Senator Molgat.]

• (1440)

[*English*]

DELAYED ANSWERS TO ORAL QUESTIONS

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable Senators, I have one delayed answer to a question raised on March 26, 1992, by Senator Wood concerning the choice of veterans to attend the Vimy ceremonies.

VETERANS AFFAIRS

VIMY—CEREMONY AT CANADIAN MEMORIAL

(*Response to question raised by Hon. Dalia Wood on March 26, 1992*)

Fourteen veterans were chosen out of a total of twenty. Each of the twenty were interviewed by the Royal Canadian Legion, Dominion Command and the District Offices of Veterans Affairs Canada. Following is a list of the Vimy veteran delegation.

Mr. Thomas A. Anderson (Regina, Saskatchewan)
Mr. Frank Bourne (Burnaby, British-Columbia)
Mr. John H. Close (Simcoe, Ontario)
Mr. Arthur W. Goudie (Surrey, British-Columbia)
Mr. Harry Hassall (Mississauga, Ontario)
Mr. Henry T. Peters (Ottawa, Ontario)
Mr. George Pocock (Maple Ridge, British Columbia)
Mr. Moise Poirier (St-Hubert, Québec)
Mr. Charles A. Robertson (Saskatoon, Saskatchewan)
Mr. A. Stephen Swan (St. Catharines, Ontario)
Mr. William H. Tapper (Simcoe, Ontario)
Mr. Clinton E. Woodard (North Hatley, Québec)
Mr. William B. Woods (Ridgeway, Ontario)
Mr. James E. Wyatt (Melita, Manitoba)

APPROPRIATION BILL NO. 4, 1991-92

THIRD READING

Hon. John Lynch-Staunton (Deputy Leader of the Government) moved third reading of Bill C-65, for granting to Her Majesty certain sums of money for the public service of Canada for the financial year ending the 31st March, 1992.

Motion agreed to and bill read third time and passed.

APPROPRIATION BILL NO. 1, 1992-93

THIRD READING

Hon. John Lynch-Staunton (Deputy Leader of the Government) moved third reading of Bill C-66, for granting to Her Majesty certain sums of money for the public service of Canada for the financial year ending the 31st March, 1993.

Motion agreed to and bill read third time and passed.

● (1450)

CANADA ASSISTANCE PLAN

BILL TO AMEND—THIRD READING

On the Order:

Resuming the debate on the motion of the Honourable Senator Bolduc, seconded by the Honourable Senator Grimard, for the third reading of Bill C-32, to amend the Canada Assistance Plan.

Hon. Joyce Fairbairn: Honourable senators, with the imposition of closure on this piece of legislation, there is absolutely nothing we in this chamber can say or do that would result in any change whatsoever to Bill C-32. However, I do not want to miss an opportunity to register a vigorous protest on behalf of my province of Alberta on the substance of the bill and the unilateral way in which the federal government proceeded with it.

Bill C-32 extends the five per cent ceiling on the Canada Assistance Plan payments from two years to five years for Ontario, Alberta and British Columbia, who are net contributors to the equalization dollars redistributed to the remaining provinces. The federal government estimates that it will cut over $2.1 billion from Canada Assistance Plan transfers to these three provinces over the five-year period. But the provinces' own estimates of their losses are considerably higher.

Ontario estimates that the cap on Canada Assistance Plan payments will cost it $1 billion in 1991-92 alone, while B.C. will lose about $148 million in 1992-93. Alberta's Treasurer, Dick Johnston, estimates that this plan will cost the provincial treasury $35 million this year, and more than $200 million in 1992-93. These additional costs are a direct result of more families falling victim to the nation-wide recession and to the severe downturn in Alberta's energy resources and the agriculture industry.

Since Alberta is my home province, I would like to consider for a moment the number of Albertans who depend upon social assistance and the adequacy of the program. In 1990, before the recession really hit, 148,800 Albertans, of whom at least 40 per cent were children, depended on the Canada Assistance Plan for basic food, clothing and shelter. In December 1991, 173,100 Albertans—46 per cent of whom were children—were dependent on Canada Assistance Plan payments. Of those, nearly 45 per cent were members of single parent families.

Consider further, honourable senators, that the number of food banks operating in my province has risen from one in 1981 to 40 in 1991. Consider, too, that of the 2 million people depending on Canada's 292 food banks, some 700,000, or 40 per cent, are children under the age of 18.

Indeed, in my own city of Lethbridge, Alberta, there was a report about a week ago which said that Lethbridge children under 18 account for nearly one-half of the clients at one of the city's two food banks. The Director of the Food Bank Society in Lethbridge said, "We are starting to cut back. We simply haven't enough supplies any more. We are just hoping to stay in business for another year."

Bill C-32 is one in a long series of deepening and, perhaps, irreversible cuts to social programs taken by this government since 1984 to meet its stated objectives of reducing the federal deficit and downsizing government. These cuts began in 1985 with the partial deindexing of child benefits, and continued on through the clawback of family allowances and old age pensions.

These cuts included tightening and retightening unemployment insurance and cutting back again and again on social housing allocations, and yet again in the recent budget. They included enormous cutbacks in training funds, the means by which people climb out of unemployment and off welfare. Now, unemployment insurance money is being directed at training at a time when large numbers of Canadians need the full benefits of that fund to support them at a time of massive job loss and lay-offs.

The impact of all this cutting and recutting on provincial and local programs—and, in turn, on low-income and low-skilled Canadians in every region—has been horrendous. Inevitably, these cuts are being borne by Canadians and communities who can least afford it.

While Alberta, British Columbia, and Ontario are Canada's wealthiest provinces, in fact these provinces are also home to more than 50 per cent of Canada's poor. Let us remember that the so-called welfare poor of this country, regardless of what province they live in, are in reality mostly children and single mothers.

The largest single category of Canada Assistance Plan beneficiaries—37 per cent—are children. The remainder include the parents of these children, many of them single, and Canadians suffering from chronic disabilities, poor health, low or non-existent job and social skills. The purpose of the Canada Assistance Plan is to alleviate these desperate concerns. Canada Assistance Plan funding matches provincial dollars in providing basic social assistance to these poorest of Canadian citizens. These funds also match provincial dollars to provide dental care for those on social assistance, essential services for disabled people, foster care for abused children, safe housing for abused women and subsidized child care for low-income families.

However, the deep and continuing recession combined with job loss due to, among other things, free trade and globalization is placing extreme pressure on an ever-increasing number of Canadian families, many of whom are at or near the end of their unemployment insurance benefits, which means they will have no choice but to join the welfare rolls.

My concern for these high-risk families deepened when, in the latest budget, this government discarded its three-time promise of a national child care program and universal family benefits with the elimination of the family allowance. Low-income families are supposed to be the big winners with this latest rejigging of the child benefits program. However, an

analysis by the former director of the National Council of Welfare, Ken Battle, shows that the enrichment of monthly benefits for low-income families will look good only for about as long as the time it takes to get past the next election. Then, year by year, the partial deindexation of the benefit will cause it to erode continuously. By the end of the decade, Mr. Battle predicts that a single parent with two children earning $15,000 in 1993 will lose 20 per cent of his or her benefit, and that a couple with two jobs, two children and a $20,000 annual income will lose the same 27 per cent.

Honourable senators, all these changes will do nothing at all for families on social assistance.

Mr. Battle has termed partial deindexation as a "fiscally powerful and politically invisible mechanism" that allows Canada to siphon money from social programs. Bill C-32 is just another element of this deceptive approach.

This legislation is disturbing on a number of fronts. It is part of the net effect of dismantling national programs that were originally established to provide Canadians with a social safety net and basic standards of services. These programs were built over decades on a firm base of nationally-held values: values of social equity and the desire to ensure a basic standard of care for those who cannot care adequately for themselves.

These values grew out of the harsh experiences of the depression, and the realization that a country cannot be sustained by offering the people no hope on any front. It did not work for R.B. Bennett and it will not work for this government, either.

Another area of concern with this bill is the ease with which the federal government undertook unilateral action to limit its financial responsibility under long-standing federal-provincial agreements. That action was challenged in the courts. There was a victory in the appeal court in British Columbia, but, finally, the Supreme Court of Canada ruled that, in law, the federal government has the power to change unilaterally the conditions or terms of any federal-provincial agreement. But what is offensive here is that the Mulroney government's decision to exert this power in this manner has cast serious doubts on all federal-provincial cost sharing agreements.

● (1500)

That leads to my next concern, which is how far this government believes it can push its goals and objectives of increased efficiency and reduced national government without weakening irreparably the already tenuous links that hold this country together.

The series of national programs that Canadians and former governments fought to put in place comprised a type of social contract with Canadians in every part of this country. Equalization, the Canada Assistance Plan, Established Programs Financing formed the three arms of that contract. Since 1984, both the Established Programs Financing and the Canada Assistance Plan have come under repeated attack. Since 1986, the EPF funding formula has been cut, cut again, frozen, and refrozen at 1989 levels until 1994-95.

[Senator Fairbairn.]

At the same time, the federal government has seriously weakened its own power to enforce the principles of the Canada Health Act which govern medicare.

In the spring of 1991, the National Council on Welfare published a study called "Funding Health and Higher Education", suggesting that, if the current trend continues, every last penny of federal cash for health and higher education under the 1977 fiscal arrangements will disappear within a few years.

Alberta Treasurer Dick Johnston has noted that:

> It is generally agreed that federal cash transfers for health and post-secondary education will dwindle to nothing within 15 years.

Now we have Bill C-32 legislating a three-year extension of a ceiling that has been on the Canada Assistance Plan for the last two years in Alberta, Ontario, and British Columbia.

Next we may see a ceiling on this plan for the have-not provinces. In fact, Manitoba joined the court challenge for exactly that reason—because they feared that a ruling in favour of the federal government would set a precedent for further unilateral off-loading of other programs cost-shared with the provinces. I suspect that we will see a further whittling away as long as this government is in power, until the Canada Assistance Plan finally goes the way of the Family Allowance.

The Conservative approach to social spending has been described as "social policy by stealth". All it takes is a two- or three-month battle in Parliament to put these formulae in place, and then inflation does the government's dirty work for it.

Let us make no mistake about it, honourable senators. We are entrenching an "underclass" in our country which will become generational. It may be difficult if not impossible to change it. The cost in human terms to the lives of individual Canadians is tragic and it will have major consequences for the future development and prosperity of this country and its position in the world.

Children, after all, are a nation's hope. When more than 1 million of Canada's children are today living in poverty, within their families, on the streets, dropping out of school, unable to learn, hungry, and developing a visceral anger and frustration against the system, we are indeed jeopardizing the future of this country.

Do we really care? I suggest that when our government and our Parliament legitimizes a pattern of withdrawal from taking this reality and tackling it head on, we as lawmakers incur a tremendous load of blame.

Bill C-32 is part of this pattern. It deserves to be defeated.

Some Hon. Senators: Hear, Hear.

Hon. William M. Kelly: I wish to say in advance that I believe under the new rules I am required to limit my remarks to 10 minutes. I may be a minute or so over, but, if so, I would ask in advance for permission to complete my remarks.

Honourable senators, I believe I said most of what I wanted to say on Bill C-32 when I spoke at second reading.

The Hon. the Speaker: I want to correct the statement of Senator Kelly. He has 15 minutes, not 10.

Senator Kelly: I may have misread it. Under time allocation I believe it is 10 minutes.

Senator Gigantès: Who is right? You guys wrote the rules.

Senator Frith: This might be a good time to get it straight, before we start the clock.

Senator Gigantès: It would be nice to know for when our turn comes.

Senator Kelly: Honourable senators, as briefly as possible today, I feel compelled to respond to Senator Frith's remarks made in this place during second reading on February 28. I say in all candour that, since arriving in the Senate, I have learned that Senator Frith can always be counted on for a good show. I always look forward with great anticipation when he arrives in his place to pour forth fire and brimstone on the government's latest initiative. He did not disappoint us in the thespian qualities which he once again demonstrated in his remarks on February 28.

Honourable senators, I cannot hope to match Senator Frith in eloquence.

Senator Perrault: No, you can't.

Senator Kelly: That's right. I said it first. I say in all honesty that his speech was an excellent, perhaps even brilliant, summary of the obviously heartfelt concerns that some groups, individuals and provinces have about the kind of action demonstrated in Bill C-32. I recognize that federal transfers to provinces for education, health, and social assistance are emotional issues. But, honourable senators, we should not let emotion cloud our judgment or, much worse, cloud the facts.

Senator Perrault: No, don't let emotion affect anything. Don't let emotion affect your grants to big business.

Senator Kelly: Senator Frith's remarks are sprinkled with words or phrases such as, "taking money", "cut back", "cutting federal transfers to the provinces under the CAP act" and so on. The inference, and I am sure it would be unintended, could be that the federal government is reducing in absolute terms its transfers to Ontario, British Columbia, and Alberta under CAP.

In fact, as we all know, honourable senators, all Bill C-32 does is continue to cap the growth of federal transfers to Ontario, B.C. and Alberta at 5 per cent per annum, which I might point out is higher than the anticipated rate of inflation. It will still result in an increase of about $100 million to Ontario, $36 million to B.C., and $26 million to Alberta.

One could also infer, perhaps incorrectly, from Senator Frith's remarks that Bill C-32 represents a new policy, a new departure from established policy and precedent. Again, all of us realize that this is just not so. As I mentioned in my remarks at second reading, Bill C-32 continues the limits announced as part of the budget in February 1990 and in place since that time. It was for that reason and for that reason alone that I, in my remarks at second reading, referred to this measure as simple and straightforward, a remark that Senator Frith found offensive.

Honourable senators, it is simple and straightforward, and I do not apologize for using that phrase, because the bill seeks simply to continue a policy and legislation that have been in place for some time.

Senator Frith: How long?

Senator Kelly: Since February 1990.

Senator Frith: Under this government.

Senator Kelly: Yes, but it was announced and thoroughly discussed and described at that time.

Senator Frith: I take it you were not implying that it was a precedent laid down earlier.

Senator Kelly: I will say to Senator Frith I do intend to deal with some of the past situations that existed in the same circumstances.

● (1510)

Some of my colleagues opposite might like Canadians to infer that limiting transfers to the provinces began with this government. Once again, honourable senators, we know, of course, that that is not true. Reductions in transfers began in fiscal 1982-83 when the federal government actually cut Established Programs Financing payments to the provinces by almost $1 billion over the period to the end of 1984.

It is probably unnecessary—and perhaps childish—for me to point out that these cuts were imposed by the previous government under a previous Minister of Finance, whom we now number amongst our distinguished colleagues, at a time when the entire country, particularly Ontario, was struggling out of the worst recession in years. Those limitations were imposed by the federal government when Ontario was grappling with high unemployment, high dependence on welfare, a high level of child poverty and an eroded tax base. I might mention as well that the cuts were imposed on all provinces, even the relatively poor provinces which were less able than the others to make up the difference.

Honourable senators, I meant to check the records, but I assume that Senator Frith was equally condemnatory of that initiative when it was proposed in this place as he now is of the bill before us today.

Senator Frith: Didn't you check and find out?

Senator Kelly: I did not. I must say with some embarrassment however, Senator Frith, that I was critical of it at that time as well.

Senator Frith: In the absence of checking, you were prepared to assume.

Senator Molgat: You should use your research funds.

Senator Kelly: There is one other point I should like to make in response to Senator Frith, and I make it with some trepidation. I usually like to avoid using lengthy lists of statistics in any debate. Having said that, I asked the statisticians at StatsCan to run some numbers for me. I am sure Senator

Frith and some of his colleagues will find these numbers interesting.

For example, StatsCan advises me that the federal government's total expenditure for social services was $9.85 billion in 1974-75. It rose progressively to $33.2 billion in 1984-85, and for 1991-92 is projected to reach $54.5 billion. Those of you who are handy with figures, or with calculators handy, will see that the increase since 1974-75 has been almost six-fold, and the increase since 1984-85 has been almost 64 per cent. I might point out that federal spending on social services in 1981-82, the years covering our last serious recession, was $21.8 billion, less than half of what it is today.

Federal, provincial and municipal funding for social services, which was about $15.5 billion in 1975-76, is now more than four times that amount, some $66.7 billion, having risen inexorably year after year. Total spending on social services by the three levels of government was $29.7 billion in 1981-82, less than half of what it is today. In my own province of Ontario, which Senator Frith referred to as being disadvantaged by Bill C-32, expenditures on social services and social welfare were $1.8 billion in 1975 , $3.3 billion in 1981, and about $9.6 billion in 1990, up from $8.5 billion in 1989.

Honourable senators, my point is—

Senator Frith: Before you leave those figures, does that lead you to say that Ontario is not disadvantaged under Bill C-32?

Senator Kelly: In absolute terms, yes, it is not disadvantaged.

Senator Frith: What does "in absolute terms" mean?

Senator Kelly: I think that what we are arguing about here is the rate of growth. We are not talking about cuts. We are talking about whether 5 per cent is a sufficient rate of growth.

Senator Frith: We are talking about the effects of the legislation, and the poor cannot eat absolute terms. You cannot put butter on absolute terms, whatever it means. The fact is that they lose money.

Senator Kelly: I am simply saying that Senator Frith would have us infer that there is less government expenditure going into welfare and social services when actually there is substantially more than ever before in our history. If the argument is whether there is enough, then I think that argument could go on forever. But I do not like the suggestion that there is a cut, because there is not a cut.

Senator Frith: Ontario is disadvantaged. You are not suggesting that Ontario is not disadvantaged by Bill C-32. The social programs are disadvantaged. Do you accept that?

Senator Kelly: No.

Senator Frith: You do not?

Senator Kelly: No, I do not accept that.

Senator Frith: You do not? Very well; carry on. That does affect how seriously we take the rest of what you say, but carry on.

[Senator Kelly.]

Senator Kelly: Honourable senators, for prudent fiscal management governments require a much higher degree of financial certainty than has hitherto been the case, especially when governments do not control the actual outlay of money. The contributing government wants legitimately to know how much it is in for, and to establish a limit to its exposure. To do otherwise certainly, in my opinion, is to give up on any responsible approach to fiscal policy and deficit management. There is not a bottomless pit.

The federal government is not alone in this pursuit. The NDP government of Ontario, not a government known for its fiscal conservatism, has imposed rigid limits on expenditures in the health care sector, all in pursuit of financial certainty. We are all aware of last year's OMA agreement which imposes thresholds on physicians' OHIP billings and, by a complex formula, imposes a cap on total utilization of the OHIP pool. Other health care practitioners have had their OHIP fee-for-service schedule frozen at last years' levels, or levels characteristically below the rate of inflation. OHIP funding for out-of-country health care services has been severely restricted. Funding to Ontario hospitals has similarly been limited, a point to which Senator Frith alluded in his remarks.

These cuts cause a certain amount of hardship and inconvenience. That is understood. But the indisputable fact that we have to confront is that a new day has dawned. Uncontrolled government expenditures have to become controlled. Fat has to be squeezed out of the delivery systems. I do not think there is a person here who would not argue in support of the suggestion that our delivery systems need very careful scrutiny, far more than they have ever had before. I think this bill can force that situation to take place and be dealt with.

Since the federal government does not control the actual delivery of the dollars to health care and social services at the provincial level, the only effective mechanism available to it is to establish a limit on the willingness to fund that delivery.

The fact of the matter is that all levels of government must exercise fiscal restraint. There is no point in one level of government trying to do it alone. I think it is fair to say that some of the provincial governments, including the government of my own province, have come a little bit late to this realization. I note, as I have before in this place, that the previous Ontario government increased its expenditures on an annual basis approaching an average of 10 per cent while the economy was, on its own, experiencing a substantial growth.

Senator Barootes: Would you believe 14 per cent?

Senator Frith: If you suggest it, probably not.

Senator Kelly: This free and uncontrolled spending was a factor contributing to an overheated economy. It also served to neutralize the federal government's concerted campaign to reduce its own operating expenditures and borrowing requirements.

Honourable senators, why should the federal government shoot itself in the foot by contributing to free spending through uncontrolled or unlimited CAP, EPF or any other federal-provincial transfers.

I also note in passing that, in general, the need for fiscal restraint has not yet impacted on local government. I note from Statistics Canada figures for February 1992 that local government employment actually increased by 1.3 per cent during the last quarter of 1991 compared to the same quarter in 1990.

Honourable senators, as I said at the beginning of my remarks, expenditures for social services is certainly an emotional issue, but I think we do a disservice to all when we get caught up in the emotion and begin to lose sight of or confuse the facts. The facts are that more money than ever before, from every level of government, is going into the social services about which Senator Frith was so eloquent. Federal spending on social services is substantially larger than it was during the 1981-82 recession over which the previous government presided.

Senator Thériault: Why do you not explain why?

Senator Kelly: We are talking here about a proper management of government doing the best it can with the resources it has, and getting away from the idea that all it needs to do is borrow money, raise taxes or do something else to feed money into the system; that it need not worry about how efficiently its programs are delivered, just keep the money moving. You cannot do that any longer, honourable senators. It just is not on.

● (1520)

Honourable colleagues, I suggest we cut through the fog of distortion that has been laid down around this bill and recognize it for what it is, another step in this government's fiscal management strategy, not to cut, not to reduce, but to control.

Honourable senators, that is all I have to say.

Some Hon. Senators: Hear, hear!

Hon. Royce Frith (Leader of the Opposition): Honourable senators, I assumed when Senator Kelly smiled through almost all of that speech that it was just his natural amiability.

Senator Barootes: It is his engaging personality.

Senator Frith: He was unable to deliver it with a straight face. I ask him if he can answer this question with a straight face.

Senator Barootes: Stop smiling.

Senator Frith: Would he have made that speech if Bill Davis were still the Premier of Ontario?

Senator Simard: You do not have to answer that.

Senator Frith: Let the record show that Senator Kelly smiled.

Hon. Philippe Deane Gigantès: I have two questions to put to Senator Kelly, if I may. First, did Senator Kelly intend not to address the point that Senator Frith made, which was that increasing welfare payments by 5 per cent, when the number of welfare recipients is increasing by 39 per cent, is not a policy that will put food in the mouths of hungry children? Why did he not answer that question?

Senator Kelly: Honourable senators, I made an effort to make the point that, unless we impose limits on the increases in many of these areas, there will be little or no initiative directed toward improving the efficiency of the delivery of these services. I believe a lot of work must be done on that. Just saying it will not be enough.

Senator Gigantès: I have a second question.

Is Senator Kelly saying that the government will force people to starve so that the rich can re-examine how little charity to give?

The Hon. the Speaker: I am sorry, honourable senators, but the 15 minutes are up. I should also point out with respect to Senator Kelly's previous statement that the 10-minute time limit is on the motion.

Senator Frith: It is on the motion for time allocation.

The Hon. the Speaker: The motion for time allocation is 10 minutes except for the Leader of the Government and the Leader of the Opposition, and each speaker will speak no longer than 30 minutes. That is rule 41(2)(*a*) and (*c*). You were allowed 15 minutes.

Hon. Raymond J. Perrault: Honourable senators, a few days ago a public opinion poll in the province of British Columbia revealed that the popularity of the Conservative federal government has declined to 6 per cent. In British Columbia, we make beer with more spirit than that.

There are many reasons for this pronounced dislike: The thoroughly botched constitutional process; the reactionary GST tax; the indifference to the plight of the poorest in society; and certainly, as far as British Columbia is concerned, the feeling that B.C. has become a special victim in the government's transparent attempt to transfer many of its obligations to the provincial and municipal governments. It claims, and we heard the claim again today, that it is waging a valiant war against waste and profligate spending.

Well, the ploy is not working in my province of British Columbia. Canadians on the West Coast know what this game is all about. A federal government which claims that it is involved in an exercise of fiscal and financial good management is attempting to make provincial and municipal governments the villains. The new Tory party line is, "the provincial governments are the big spenders, despite our efforts to save money and reduce taxes".

The very week the government asked us to support this bill was the same week it announced that the Boeing Corporation would be forgiven a $13 million loan to facilitate the sale of Canadair to Bombardier Corporation. There is quite a lineup at that corporate food bank waiting for handouts—and they are getting them!. Listen to this: The cost of writing off this grant to Boeing Corporation is in addition to the $589 million in subsidies and investments from the federal and other levels of government.

Senator Barootes: Do you want them to close the plant down and put everybody out of work? Is that what you want?

Senator Perrault: This was the same week that rumours abounded that Canadian taxpayers would be called upon to rescue one of the major corporations in this country, which is in some financial trouble. This comes at a time when thousands of young Canadians are being hounded and harassed by collection agencies to pay their student loans. They simply cannot find work. No bailouts for them; no loans forgiven. The government has the money to contribute $5.5 million to build a national humour museum. In itself, that profligate action by the government is a form of sick humour.

There is little to laugh about these days. You hound the students, you take money away from the poor and the indigent, and you give money for a humour museum and to the Boeing Corporation and to de Havilland—everybody who lines up at the gate.

The Tory government takes a perverse joy in punishing certain specified provinces: British Columbia, Alberta, and Ontario. It is alleged that we are the so-called "have provinces". As a result, we are supposed to be prime targets for Tory discrimination.

People are pouring into British Columbia from all over Canada. They are landing on our local welfare rolls. The cost to local governments is simply enormous. As a result, the welfare rolls are growing, food banks are empty, bread lines are endless, and the federal government continues its mad dance with disaster, shoving its obligations on to the shoulders of the provincial and municipal taxpayers, forgetting all the time that there is only one taxpayer.

In the sixties and seventies, a Liberal federal government and the provinces established a jointly funded system of public health care and other programs. This is being reviewed today. The federal government committed itself to share the cost of those programs, and Canadians have long considered them to be a benefit of Canadian federalism. But those great social programs are now under assault by a Conservative government, which is in the process of what that government has described as "off-loading" them. The other, less polite, description of this off-loading process is "buck-passing".

What are the tactics? Reducing, or eliminating outright, certain federal transfers; limiting the growth rate of federal transfers so that the federal government's share of a program costs diminishes; imposing new conditions which narrow eligibility for federal cost sharing, or fully or partially withdrawing federal government services, thus increasing demands on corresponding provincial services.

Federal off-loading measures have affected a wide range of cost-shared programs including health care, post-secondary education, social assistance, economic developments and services to aboriginal peoples.

Of course the federal government wants to reduce the deficit and the debt, but its efforts to avoid associating itself with any program cuts are pathetic and represent an abdication of real leadership.

Conservative apologists will argue that the provinces are only being asked to bear their "fair share" of restraint. That is the line being used. However, cuts in provincial transfers represent 47 per cent of federal savings under the expenditure control plan, even though provincial transfers make up only 20 per cent of federal program spending. This proportion would be considerably higher if the current effects of off-loading measures implemented before 1990-91 were included. For example, the 1992-93 cost to British Columbia of Established Programs Financing restraint measures introduced before 1990-91 is about $750 million.

Federal off-loading actions have other effects. The effect on British Columbia of off-loading measures implemented since 1982 is $1.4 billion in 1992-93. This is equivalent to more than 75 per cent of our province's projected deficit. The total for all provinces is $11.4 billion. Provinces have had to raise taxes or increase debt to make up this federal shortfall. There have been increased demands on related provincial programs as a result.

Translated into hard, cold, economic facts, beginning in 1991-92 and by the year 2000, this so-called "federal restraint program" will involve a total loss of $33 billion for the province of British Columbia. And this government talks about "cooperative federalism".

We have thousands of people streaming into British Columbia from all over Canada looking for work. We have to pick up an enormous tab for this process—yet you put a 5 per cent cap on us? You should be ashamed. No wonder the federal Conservatives are at 6 per cent in the polls, and plummeting even at that.

The most important effect of federal buck-passing may be the rapidly growing federal-provincial fiscal imbalance. In other words, off-loading has greatly widened the gap between program responsibility and revenue capability of the two orders of government. Most of the growth in public sector spending is occurring in health care and other social services, areas of provincial jurisdiction.

Future predictions indicate that this trend will continue. Provincial spending on health, education and social services measured as a per cent of gross national domestic product will rise significantly in the future, even with expenditure restraint measures. By contrast, federal contributions to the provinces in these areas are projected to decline. Therefore, at the same time as provincial costs are rising, federal off-loading is reducing the funds available to provinces. Without corrective action, the fiscal imbalance between the federal and provincial governments will widen. A rapidly growing fiscal imbalance between the two senior orders of government in the Canadian federation is unsustainable and must be addressed jointly by both orders of government, and without the cynical, political buck-passing, which has been a feature of this government's operations since 1982.

● (1530)

As honourable senators are aware, since 1967 the federal government has provided funding through the Canada Assistance Plan to assist with provincial expenditures on income assistance and other social services for those in need. Under

[Senator Barootes.]

the original CAP agreement, federal payments equalled 50 per cent of eligible provincial expenditures. As part of its so-called Expenditure Control Plan, the federal government has imposed a special and discriminatory 5 per cent limit on the annual rate of growth in our provinces.

The three provinces that receive nothing in equalization—namely B.C., Alberta and Ontario—are contributors to Confederation and they are pleased to contribute, but they do not want to be victims of discrimination.

Honourable senators, the five per cent will continue until the 1994-95 fiscal year. The result is that B.C. must now fund 100 per cent of social assistance costs over this arbitrary threshold. This is wrong, immoral and unfair. As a result, we will see a reduction of more than $1.3 billion in B.C.'s CAP receipts over a five-year period—that is, from 1991 to 1994-95. British Columbia along with Alberta and Ontario, are the targets. This policy reflects the federal government's mad desire to redistribute provincial transfers at the same time as reducing them.

Discriminatory targeting has been chosen despite the fact that federal CAP funds are themselves transferred directly to persons in need, and the size of income assistance in a province is not closely related to the province's fiscal capacity. These programs are designed to help individuals.

Equalization is provided to those provinces that could not otherwise provide adequate levels of services to their residents without resorting to unduly high levels of taxation. Now, federal off-loading has also affected the fiscal equalization process. British Columbia is not eligible for equalization payments and, therefore, not directly affected by these changes.

Do you still wonder why there is little Conservative support in the province of B.C? Changes to the *Unemployment Insurance Act* which came into effect in 1990 will cost our province an estimated $60 million in increased income assistance costs in 1992-93.

The federal government has reduced its share of British Columbia's reforestation costs by $50 million.

In the mid-1980s, the federal government purchased $58 million worth of labour force training from B.C. Under a new agreement, the federal government gives only first consideration to provincial institutions for purchases up to a maximum of $26 billion in 1992-93. Are you trying to shut down the engine of economic growth in the west, at a time when there is a desparate need to retrain the unemployed?

As well, the federal government has reduced its payments to B.C. for the cost of child welfare services to off-reserve status Indians by $6 to $8 million a year.

Buck-passing has raised our province's costs in many other areas, including farm income stabilization, crop insurance, police services, economic development, social housing and correctional facilities.

The combined negative impact on British Columbia of federal cuts to smaller programs is at least $160 million in 1992-93.

In 1991, the federal government redesigned the unemployment insurance program. As senators are aware, the number of weeks of employment required to qualify for unemployment insurance was increased and it became more difficult to get benefits out of the program. As a result fewer people were eligible for unemployment insurance. This put pressure on provincial income assistance budgets and those of the municipalities, particularly in 1991 when employment growth slowed.

At the same time the federal government restricted the amount of income assistance that it would cost-share with my province and with Ontario and Alberta, as I mentioned earlier. This has had the effect of transferring to my province and to others the major portion of the incremental costs of providing food, clothing and shelter to a growing number of unemployed who are coming to B.C. from all over the country. These costs are reflected in income assistance expenditures. They are large and continue to increase rapidly. Increased income assistance expenditures are the results of policy decisions to increase the levels of benefits and rapidly expanding case loads. Case load growth has been the major factor.

Approximately 280,000 people in B.C. are now receiving income assistance, if dependents are counted. The rising number of people receiving income assistance can be attributed to a number of causes, including the slowdown in the economy, the work force expanding more rapidly than the jobs are being created, partly because of job-seekers who have come to B.C. from other parts of the country, and people from abroad. No wonder the people of B.C. are angry. To my friends on the other side of the chamber I can only suggest that you are leading us into ruin.

April 20 will mark the 339th anniversary of Oliver Cromwell's speech to the infamous Rump Parliament. Cromwell said on that occasion, "You have stayed in this place too long and there is no health in you. In the name of God, go!" I commend the words of Cromwell to that supine and silent group of government apologists who occupy seats on the other side of the chamber.

Some Hon. Senators: Hear, hear!

Hon. Jerahmiel S. Grafstein: Honourable senators, I had not intended to participate in this debate but it occurred to me as I listened to the other senators opposite and on this side that this measure is not properly labelled. In truth, it is an invisible constitutional bill. It establishes forever and a day within my province an eleventh province. That eleventh province is an invisible province whose people reside within the boundaries of Metropolitan Toronto.

This province is composed of 140,000 people, about the same size as Prince Edward Island. It is composed mostly of a third of our children. The people of this province do not have enough to eat; do not have sufficient clothing. That means that at least once or twice a month they have to get their weekly food at a food bank. During this period of growth in Ontario, the food banks have increased from 40 in the early eighties to over 140 food banks at the present time.

Essentially, honourable senators, we are institutionalizing by constitutional means an eleventh province in my province, except that these people have no voice. They have no power; they have no progress; they have no upward mobility to move from their state. As my honourable colleague the senator from Alberta said, we have established an under class. That under class is not getting smaller; it is growing.

There is, after all, honourable senators, a failure of our old Constitution. There is an attempt by the government to establish a new type of Constitution which will entrench this under class.

In every book that I have ever read of political science, I have been told that the purpose of government was to do three things: first, to feed the hungry; second, to provide clothing and shelter to those who need it; and third, to provide social justice. That is the permanent test of political philosophy in every book that I have read concerning the history of the growth of democracy. Surely, on those three simple tests, this bill fails, and because it fails, it should be withdrawn.

Hon. L. Norbert Thériault: Honourable senators, I want to speak briefly on behalf of the people from the Maritimes and, in particular, those from New Brunswick. It is no secret that over the years—and especially since the Tories came to power in 1984—a large number of people from the Maritimes have had to leave for either Ontario, Alberta or British Columbia. It is no secret that when the economy goes bad, generally speaking they are the first ones to suffer and to lose their jobs.

● (1540)

Over the years, people in the Maritimes have not been very happy that somehow since Confederation the provinces of central Canada, particularly Ontario, have progressed while they have gone down. Nevertheless, through the federal-provincial programs Ontario has always contributed in large measure to the well-being of the people in the Atlantic provinces and the poorer provinces.

For the life of me, I cannot understand, in a time when we are in a constitutional crisis, why the federal government would say to the three best-off provinces, "Regardless of the number of people you have depending on social assistance programs, we want to decrease your expenditures by 5 per cent. Senator Kelly, who I understand comes from the Toronto area, knows very well that in the 1981-82 recession or depression—call it what you like, because for a lot of people these recessions are depressions—the poor were never affected as they are today.

I come from a small village and I know a lot of poor people who have had to move to Toronto to look for jobs. They sometimes call me or write to me in desperation. When you are poor in Toronto and cannot pay your rent, or when you have to use every cent you have just to pay the rent, you need social assistance to feed and clothe your children. It is the people who are affected. It is not the government of Ontario. It is not government at all. Can't you see the difference between people and governments? The number of food banks has grown from about 75 to 300 in the past few years. Thousands of kids in Toronto don't have enough food. They are hungry. Don't you care?

More and more, this country is becoming like the United States and other countries where the rich get richer and the poor starve to death. People in government and business do not seem to understand that, when the working people are not working and have no money to spend, business goes down. That is one reason why the people of Canada have lost confidence in the government. Why is it that consumers are not spending? It is because they have lost confidence.

For the past seven or eight years the social safety net, which has been in place for decades, has been under attack from every side. Fishermen and farmers tell me that they are worried. People 50 years of age are worried that, if the trend continues, by the time they are 65 there will be no old age pensions. There will be no family allowance. Therefore, they are not spending their money. The fishermen in my community had a good season last year, but they are not spending their money. They are hanging on to it because they are scared.

The Unemployment Insurance Program has also been attacked from all sides. The people are worried and they are not spending. They have lost confidence.

Legislation like this bill that Senator Kelly is defending, and all other such legislation that his government has imposed on the people of Canada since coming to office, has destroyed the confidence of the poor people. They are worried. The older people and seniors tell their sons and daughters about the 1930s. There was wealth in Canada in the 1930s but where was it? They found out when war broke out. But at least when the war measures were put in place the people regained their confidence, and for 30 or 40 years the people of Canada had confidence in their institutions. Sure they changed governments, but who cared? I was not worried when the Liberal Government of Canada was defeated in 1978, because I thought we would have a continuation.

I am worried now, not for myself, perhaps, but for the poor people of Canada. Every day when senators rise to defend this kind of legislation they show that they are forgetting about people and thinking in terms of parties and power; they are thinking of themselves, people with power and money, and forgetting the reasons why people should have confidence in elected governments.

For God's sake, it is time for you to change. It is time for you to go back to what you were saying before 1984, that the social safety net is a sacred trust. If you had lived by that commitment you could have stayed in power two or three terms; it would not have mattered. Now it matters because you have destroyed the confidence of the people of this country. I am worried that the whole country will pay the price. For God's sake, wake up.

Hon. Stanley Haidasz: Honourable senators, having been, in the other place, Parliamentary Secretary to two Ministers of National Health and Welfare, I was proud of the social legislation of the Liberal governments between 1963 and 1984, and of the great progress that was being made in establishing a

[Senator Grafstein.]

social safety net for Canadians, especially as it would look after them in times of hardship, such as during the present depression. However, today we have reached third reading on Bill C-32, and I feel sad. I am sad, not only because this piece of legislation will hamper the needs of the provinces with respect to welfare payments for their disadvantaged people, but also because this piece of legislation is taking place under a cloud of diminished parliamentary democracy in this chamber.

● (1550)

This legislation is being passed under the cloud of closure. For the first time in the Senate's history, we are having closure on a piece of social welfare legislation. The Conservative government and senators opposite should be ashamed of their action today; doubly ashamed because this feature of closure was brought in improperly. It was brought in in June of last year on a mere majority. A major change to our rules such as introducing closure to our debates should have been passed by a two-thirds majority, as required both by the present and the previous *Rules of the Senate of Canada.*

Honourable senators, this method of forcing legislation on the Senate is so improper that provincial governments should not only challenge this bill in the arena of public opinion but also in the high courts of this country. British Columbia challenged this piece of legislation and won in their court, but they lost in the Supreme Court of Canada, unfortunately.

In my province of Ontario, the Minister of Finance has estimated that this ceiling on the CAP will cost the province at least $1 billion in the fiscal year that ends today. I have heard other estimates that in future years it will cost double the amount each year until 1995, when this legislation is supposed to expire.

Unfortunately, the people who will suffer under this legislation are the poor people; the poor who are getting poorer every year in Canada. The type of government that we have here, this so-called neo-conservatism, reminds me of heartless Reaganism in the United States and Thatcherism in the United Kingdom.

There are a few other remarks I would like to make. As a physician, I deplore the deterioration of the quality of health care in my province of Ontario, thanks to the federal government which has no heart for the poor and the sick of this country. More and more hospitals are closing more and more beds, laying off nursing staff and other help in the hospitals.

We know that the costs of health care have escalated out of all proportion to inflation, to quality of health care, or to the minimal growth of Canada's population, even with abundant immigration. However, this past winter and the one before, the Auditor General of Canada severely criticized the federal Department of Health and Welfare for its shoddy accounting practices, and also for its several apparent exorbitant expenditures such as travel allowances, presumably including the cost of shipping persons to other locales because medical service was not available locally.

The shadows of inside arrangements and price fixings are not dispelled by a department that is still two years in arrears for its books and full accounting of its spending. More important, honourable senators, the federal Department of Health and Welfare and the provincial ministries of health have, in one generation of 20 years and especially in the past decade, racked up expenditures some 15 times the cost of Medicare in its early years. I ask, has the health of Canadians degenerated fifteen-fold or has the population of sick people increased to such an extent that the cost of socialized services has escaped into orbit?

I would like to point out to honourable senators that in this period of time the single distinctive historical event, besides an increase in labour wage settlements and unionization of health care professionals, is the widening practice of performing procedures that are not health care at all. Here I mention the procedure of abortion, which is actually not health care.

Even in the other place NDP member Dawn Black, a proponent of access to abortion as a social good—something to which everyone should have equal access—concedes that abortion on demand has created a crisis in health care in Canada. In 1990 alone, over 95,000 recorded abortions were performed on Canadians, inclusive of some 1,500 performed in border states under the pretence of health care. As a result of this apocalyptic destruction of a small population, the actual number of young women of child-bearing years has been decreasing in Ontario. This is a direct result of the fact that they were not allowed to be born. The high numbers of abortions have, in 23 years, eliminated many women from our midst.

Honourable senators, there is no escaping the facts being debated here this afternoon. It is inadequate for the government, indeed for any government, merely to apply a poultice to the growing canker of high costs of health care in the provinces. Limiting transfer payments will only rub salt into these gaping wounds. What is needed, in truth, is a study of expenditures in non-elective procedures, in incidental outlays, in the failure of cost controls, in the need for expensive wage settlements and for lay-offs.

What must seriously be taken into account is whether or not this extra so-called "health procedure" is criminalized in statute, and whether or not it belongs in the federal jurisdiction alone and is not eligible health care.

Last year Superior Court Justice Kennedy in Nova Scotia pointed out that, in pith and substance, abortion belongs in the field of criminal law, a solely federal jurisdiction. Bill C-32 should be returned to the other place and reintroduced, perhaps, in an omnibus bill to specify with greater care and detail what is payable to the provinces for Medicare and what is not eligible health care.

Honourable senators, we had this great economic summit last week here in this city and it seems to me that it just crashed to the ground. It appears that the federal government does not see the needs of the provinces. It also appears that the federal government is blind to the needs of the people of the provinces. It is also very evident that the federal government is dumb. Yes, it is plain dumb and it has no compassion. It has

no understanding of the hardships that Bill C-32 will bring upon the people of the provinces.

I appeal to you, honourable senators, to open your ears, your eyes, and your hearts to the poor people who are going to be wronged by this legislation. Let us stop Bill C-32 from passing.

● (1600)

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

Some Hon. Senators: Yes.

Some Hon. Senators: No.

The Hon. the Speaker *pro tempore:* Will those honourable senators in favour please say "yea".

Some Hon. Senators: Yea.

The Hon. the Speaker *pro tempore:* Will those honourable senators against please say "nay".

Some Hon. Senators: Nay.

The Hon. the Speaker *pro tempore:* In my opinion, the "yea"s have it.

And two honourable senators having risen.

The Hon. the Speaker *pro tempore:* Please call in the senators.

The Senate adjourned to the call of the bell.

The sitting of the Senate was resumed.

The Hon. the Speaker *pro tempore:* Let the doors of the chamber be locked.

Motion of Senator Bolduc carried on the following division:

YEAS

THE HONOURABLE SENATORS

Atkins	Keon
Balfour	Lynch-Staunton
Barootes	MacDonald (*Halifax*)
Beaudoin	Macquarrie
Beaulieu	Meighen
Berntson	Murray
Bolduc	Nurgitz
Castonguay	Oliver
Chaput-Rolland	Ottenheimer
Cochrane	Robertson
Cogger	Roblin
DeWare	Ross
Di Nino	Rossiter
Doody	Simard
Doyle	Spivak
Forrestall	Sylvain
Grimard	Tremblay—36
Johnson	
Kelly	

NAYS

THE HONOURABLE SENATORS

Bonnell	Lewis
Bosa	Marchand
Corbin	Marsden
Davey	Molgat
Fairbairn	Neiman
Frith	Olson
Gigantès	Perrault
Grafstein	Petten
Graham	Rizzuto
Haidasz	Robichaud
Hastings	Sparrow
Hébert	Stewart
LeBlanc (*Beauséjour*)	Stollery
Leblanc (*Saurel*)	Thériault
	Watt—29

ABSTENTIONS

THE HONOURABLE SENATORS

Kelleher—1

Hon. James F. Kelleher: Honourable senators, Senator Stanbury is chairing a joint meeting of the House of Commons and the Senate at Meech Lake. In order that he could continue to chair that meeting, I agreed to abstain from this vote rather than bring him in, thus losing a quorum at that meeting.

The Hon. the Speaker *pro tempore:* Honourable senators, I declare the motion carried. Let the doors be opened.

● (1630)

ROYAL ASSENT

NOTICE

The Hon. the Speaker *pro tempore* informed the Senate that the following communication had been received:

RIDEAU HALL
OTTAWA
K1A 0A1

Mr. Speaker,

I have the honour to inform you that the honourable Beverley McLachlin, Puisne Judge of the Supreme Court

of Canada, in his capacity as Deputy Governor General, will proceed to the Senate Chamber today the, 31st day of March, 1992, at 5:00 p.m., for the purpose of giving Royal Assent to certain Bills.

Yours sincerely,

Judith LaRocque
Secretary to the Governor General

The Honourable
The Speaker of the Senate
Ottawa

PRIVATE BILL

ROYAL SOCIETY OF CANADA—BILL TO AMEND ACT TO INCORPORATE—SECOND READING—DEBATE CONCLUDED

On the Order:

Resuming the debate on the motion of the Honourable Senator Castonguay, seconded by the Honourable Senator David for the second reading of Bill S-7, an Act to amend An Act to incorporate the Royal Society of Canada.—(*Honourable Senator Frith*).

Hon. Royce Frith (Leader of the Opposition): Honourable senators, when Senator Castonguay also spoke to this bill on second reading on February 28 last, he mentioned how the Royal Society of Canada was incorporated by an act of Parliament in 1883. When reading the *Debates* of 1883, one is struck by how closely the Royal Society of Canada was modeled after the Royal Society of England and France's l'Academie.

The sponsor of the original legislation in the House of Commons, Mr. Tassé, took pride in the fact that that Queen Victoria herself—and at the north end of our gallery there is a handsome bust of Her Majesty, as she then was, looking down on this debate—approved of the initiative. Mr. Tassé told the house:

> Presumptuous though it may appear for mere colonists, as we are generally called, I am proud to say that it has received the cordial approbation of her Gracious Majesty Queen Victoria, who, we are happy to realize, at all times manifests the most lively interest for the development of literature, arts and sciences, not only in the United Kingdom, but wherever Her Imperial Sceptre extends—over Her vast domains on which the sun never sets. Far is it indeed from our aspirations to rival the famous Royal Society of England; but we wish to follow in its footsteps, inspired by its example, by its glorious traditions, and lay the foundation for a grand and powerful literary institution in this great land of Canada.

That was March 19th, 1883, at page 262 of the *Debates*.

Mr. Tassé also took pride in a letter received from Camile Doucet, permanent secretary of the French Academy. Senator Simard, and perhaps Senator Murray, might be interested in this. I would like to be able to read from this letter in the language in which it was originally written, but unfortunately the House of Commons *Debates* were not published in French until 1896. So although the secretary of the French Academy wrote to the Royal Society in French, and although Mr. Tassé read the letter to the House of Commons in French, only an English translation is available in the House of Commons *Debates*.

In any event, what I am about to read is a part of the letter, as translated, that the permanent secretary of the French Academy, Camile Doucet, wrote to the Royal Society of Canada.

> The Academy thanks you for having informed it of your organization, and for having done so with so much cordiality, and in language so elevated, so pure, and so French. The old Academy of France delights to extend its right hand of fellowship to the new born Royal Society of Canada, and wishing that it may, after 300 years of existence, be as flourishing as her elder sister has the happiness to be to-day.

I should say that the quote I had, not only of the letter but from Mr. Tassé's speech says, interestingly:

> After Recess.

ROYAL SOCIETY OF CANADA

Mr. TASSÉ (Translation)

So not only the letter was written in French, but Mr. Tassé's entire intervention was in French but was only published in English. It was not available in French.

The objects of the society were set out in the preamble of the 1883 legislation. They were "to encourage studies and investigations in literature and science", to publish original works and papers "of merit", to "offer prizes or other inducements for valuable papers on subjects relating to Canada", to aid in research, and, "to assist in the collection of specimens with a view to the formation of a Canadian Museum of archives, ethnology, archaeology and natural history".

Bill S-7, which amends the 1883 act, does not change the preamble, though some of it does now seem dated, particularly the reference "to assist in the collection of specimens with a view to . . ." establishing a museum. Time has, blessedly and impressively, overtaken the "with a view to" part.

We, of course, now have a network of museums, be they under federal or provincial jurisdictions. Federally we have, among others, a National Archives and Museum of Natural History, and provincially the institution which comes most readilyto my mind,—which is understandable, I suppose—is the Royal Ontario Museum in Toronto.

In any event, Bill S-7 leaves the preamble unchanged. The key amendment in the bill before us is the repeal of section 1 of the 1883 act, which severely limits the holdings of the society. Section 1 provides that the "annual value of real estate held at any one time for the actual use of the Society shall not exceed $4,000." I do not know what the magic is in $4,000 for property, but that, of course, appears with regard to property

qualifications of senators also. Though $4,000 may have been a princely sum in 1883, today it would not even pay the property tax on a commercial building, and Bill S-7 proposes that the society continue to have the power to acquire and dispose of real and personal property, but without limit as to value. That is the key provision before us.

● (1640)

What is interesting is that, although the limitation of $4,000 in real property occupied but two lines of section 1 in the 1883 act, the section itself is more than one page long for this reason: It contains the names of all the founding members of the Society. I have an observation I want to make about that, but perhaps honourable senators may be interested in first hearing some of those names. They might ring a familiar bell for general or special students of history.

The first name I refer to is John William Dawson, who was the principal of McGill and a geologist. These descriptions, incidentally, do not appear in the 1883 act; just the names appear. I provide this additional information for whatever edification it might be:

—John William Dawson who was the principal of McGill, a geologist, and the first Canadian-born scientist of worldwide reputation.

—The Honourable Pierre-Joseph-Olivier Chauvreau, who was a lawyer, a senator, premier of Quebec, and dean of Laval's law faculty.

—Sir Daniel Wilson, who was one of Canada's best-known scholars, and the first president of the University of Toronto.

—Sir John George Bourinot—a name that will be familiar—whose work on procedure we still refer to.

—Alfred Richard Cecil Selwyn, a geologist, after whom the Selwyn mountains that straddle the Yukon-Northwest Territories were named.

—George Lawson, Canada's first professional botanist and founder of the Botanical Society of Canada.

—Charles Baillairgé, member of the fourth generation of the Baillairgé family of architects, sculptors and painters. Charles Baillairgé designed over 180 buildings, supervised construction of the Parliament buildings in the 1860s, and was the chief engineer for Quebec City for more than 30 years.

—Robert Bell, also a geologist—that so many of these prominent Canadians were geologists and scientists indicates the importance of Canada's mineral resources—who surveyed Northern Ontario for the transcontinental railway and was one of Canada's leading explorers of the Far North.

—Sir William Osler, writer, educator and at the turn of the century probably the best known physician in the English-speaking world. He became the first professor of medicine at Johns Hopkins University in the United States, and then Regius professor of medicine at Oxford.

[Senator Frith.]

—Napoleon Bourassa, architect, author, painter and sculptor, one of Canada's leading 19th Century artists.

—The Honourable Félix-Gabriel Marchand, lawyer, journalist and playwright who, in 1897, became premier of Quebec.

—Lieutenant-Colonel David Denison, a military historian of international repute and commander of the Governor General's Body Guard that fought in the 1866 Fenian Raid.

—John Macoun, explorer and Canada's foremost naturalist. He alone discovered more than 1,000 new species of plants. His collection of flora and fauna became the foundation for the National Museum of Natural Sciences.

—Joseph-Clovis-Kenner Laflamme, priest, scientist, professor of geology and physics at Laval. When he died in 1910, he was acknowledged as being the leading scholar in French Canada.

—The Reverend William Lyall, writer, philosopher, and professor at Dalhousie. His major works concerned the bringing together of the emotions and intellect in man.

—The Reverend John Clark Murray, scholar, philosopher, and a fighter for women's political and educational rights.

—John Watson, the only Canadian philosopher ever to be invited to give the prestigious Gifford Lectures in Edinburgh, Scotland, author of eight books and more than 200 articles.

—Louis-Honoré Fréchette, playwright, unofficial Poet Laureate of French Canada, the most important man of letters in 19th Century Quebec.

—Sir Sanford Flemming, about whom I suppose I need not say anything.

I know I can say personally that I can remember that my father, although he was famous for many more things, was a civil engineer, and in his earliest career actually did surveys out west for the old Grand Trunk Railway. I remember him talking of Sir Sanford Flemming who did the same thing, among other things, but achieved more distinction than my father did in that field. Of course, as you know, Sir Sanford Flemming is famous for much more than that.

Honourable senators, these are the names that loom large in the history of our country, but which, unfortunately, fewer and fewer Canadians have any knowledge of.

That brings me to an important part of this bill, because with the repeal and replacement of section 1, those names are to be struck from the act which incorporates the Royal Society of Canada. I do not think that is a good idea. It is something that the committee should look at.

I mentioned earlier that Bill S-7 does not change the preamble which contains the objects of the Society. However, the preamble begins with the words, "Whereas the persons hereinafter mentioned have . . ." It then goes on to say what they have joined to do, the names that I have just mentioned,

these distinguished Canadians in our history. They joined together to form the Royal Society of Canada.

If the preamble remains unchanged but the names are removed through the repeal and replacement of section 1, apart from the unfortunate removal of the names of these distinguished Canadians, there will be a certain inconsistency, because the preamble says, "Whereas the persons hereinafter mentioned have . . .", and then when you read on in the new bill, you do not find those "hereinafter mentioned" persons. As I say, if the preamble remains unchanged but all the names are removed through the repeal and replacement of section 1, we will have a consolidated bill which in the preamble refers to persons who are not named and do not exist—names that have been chucked into the dust-bin of history.

Perhaps Senator Castonguay could help me with this. His remarks of February 28 made no mention of any change to the objects of the corporation or to the preamble which contains those objectives. I can only assume that this is not what was intended by the directors of the Royal Society of Canada. I cannot imagine that the Royal Society in Britain or l'Acadamie in France would ever change a bill that would remove the names of the original founders. I do not think we should do so.

In addition to replacing section 1, Bill S-7 repeals sections 5, 6 and 8 of the 1883 legislation.

Section 5 provided that the by-laws of the Society were to continue as the by-laws of the new incorporated entity. As Senator Castonguay mentioned, this provision has been overtaken by time. Sections 3 and 4, which deal with the making of by-laws, gives the Society all the authority it needs in this respect.

Since section 6 of the 1883 act provides that the officers of the Society will continue as the officers of the newly incorporated Society, I do not think that 109 years later these individuals still require the protection that that provision afforded them.

Finally, section 8 is being deleted. This is how that provision reads:

> No person otherwise competent to be a witness in any suit or prosecution in which the Society may be engaged, shall be deemed incompetent to be such witness by reason of his being or having been a member or officer of the Society.

Senator Castonguay mentioned that section 8 was being repealed because it had served its purpose. I do not quite understand that. Perhaps we can explore in committee what that purpose was and how time has rendered it redundant.

The last item I wish to deal with is section 9 of the original act, which reads:

> The Society shall make annual reports to the Governor-General and to both Houses of Parliament, containing a general statement of the affairs of the Society, which said reports shall be presented within the first twenty days of every Session of Parliament.

• (1650)

I was somewhat puzzled as to why that section was not being deleted by Bill S-7, and this is why. Though the Royal Society of Canada is obligated to report annually to both Houses of Parliament, it did not so report in 1991 or in 1990. It last reported, as best I could determine it, on October 3, 1989—two and one-half years ago. Section 9 requires it to report within 25 days following the start of a session. We have been in the Third Session of this Parliament since May 13, 1991, and there is still no report. Why do we want to have this directive of the Parliament of Canada if the Royal Society prefers to ignore it—apparently with impunity?

Do not misunderstand me, honourable senators; I am not suggesting that section 9 should be repealed, but the committee should look at either removing it—which I hope they do not do because I think we should have the report—or in some way making it clear that we expect compliance.

I do not believe that any of us have difficulties with the primary objective of Bill S-7, namely the removal of the $4,000 real property limitation, but I cannot say that I am captivated by some of the drafting that has been employed in Bill S-7 in an attempt to achieve this straightforward objective, and I have explained why.

What am I asking the committee to particularize in its study of this bill? Well, the bill before us sweeps out the door the names of giants in Canadian history. I do not think we should do that. The end result is that it produces a new Royal Society of Canada Act that is internally inconsistent. Perhaps the committee will be able to provide us with a solution, or at the very least some answers, as to why this approach was taken. I am sure that it was just an oversight—that is, I hope it was.

While it is undertaking this study, perhaps the committee could determine why the society is asking that section 9 remain in the act, particularly since it has shown little inclination to abide by it recently. I also mentioned that it might be singularly appropriate for the committee to have a look at the reason why section 8 has become dépassé, because there is no explanation for it. It may very well be that it has, but I ask the committee to impart that.

In closing, honourable senators, I made it clear at the beginning that we support this bill at second reading in the expectation that some of these irritants, or should I say discrepancies will be addressed by the committee.

[*Translation*]

Hon. Arthur Tremblay: Honourable senators, first, a few words of explanation as to why I am speaking after Senator Frith. Indeed, Bill S-7 is in my name. Unfortunately, I have been unable to attend the Senate the day the bill was to be read a second time, and Senator Castonguay was kind enough to take my place on that occasion.

So, at his request, I am rising today as if I had introduced the bill myself on second reading. I wish to thank the honourable senator for having stood in for me.

About Senator Frith's comments, I think that, as he said himself, considering that the bill will be passed unanimously

on second reading, the proper time to deal with his comments is at the committee stage.

Incidentally, I must say that I was very impressed by the account of what had become of the founders of the Royal Society, particularly by their request as the result of which Her Majesty authorized the creation of the Royal Society.

Indeed, in the early days of the Royal Society, many distinguished people contributed to Canada's history. I think in particular of P.J.O. Chauveau who, as Senator Frith mentioned, was Premier of Quebec at the time of Confederation.

He also was, in those days, Minister of Education or Minister of Public Instruction as he was called then, after having held the position of Superintendent of Public Instruction in the Province of Canada. Having worked in that field most of my life, I realize that this great figure did play a very important role in shaping my perception of Quebec's history, especially in the field of education.

Strangely perhaps, Félix-Gabriel Marchand, who later became Premier of Quebec, was also involved in education which was one of his goals. While he was Premier, in 1896 or 1897, he tried to restore the Ministry of Public Instruction which had been abolished in 1875. He managed to put his legislation through the Commons so to speak, I mean the equivalent of the House of Commons, the National Assembly.

It is the Senate, or its equivalent the Legislative Council, which killed the bill creating or re-establishing the education department.

Time has changed. Anyway, we could go on about all the famous people who helped create the Royal Society of Canada. Senator Frith did it to a certain extent. I took the liberty of adding a few details on some of them. This being said, I propose that the Senate pass unanimously Bill S-7. After that, I will propose that the Bill be referred to the Standing Committee on Legal and Constitutional Affairs.

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?

On motion of Senator Tremblay, bill referred to the Standing Senate Committee on Legal and Constitutional Affairs.

[*English*]

The Hon. the Speaker: Honourable senators, pursuant to rule 136(8) I must interrupt the proceedings. The Senate will now adjourn during pleasure to await the arrival of the Honourable the Deputy of the Governor General.

The Senate adjourned during pleasure.

● (1700)

ROYAL ASSENT

The Honourable Beverley McLachlin, Puisne Judge of the Supreme Court of Canada, in her capacity as Deputy 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 Governor General was pleased to give Royal Assent to the following bills:

An Act to amend the Northwest Territories Act (*Bill C-64, Chapter 6, 1992*)

An Act to amend the Canada Assistance Plan (*Bill C-32, Chapter 9, 1992*)

The Honourable John Fraser, Speaker of the House of Commons, addressed the Honourable the Deputy 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 bills:

An Act for granting to Her Majesty certain sums of money for the public service of Canada for the financial year ending the 31st March, 1992 (*Bill C-65, Chapter 7, 1992*)

An Act for granting to Her Majesty certain sums of money for the public service of Canada for the financial year ending the 31st March, 1993 (*Bill C-66, Chapter 8, 1992*)

To which bills I humbly request your honour's assent.

The Honourable the Deputy Governor General was pleased to give the Royal Assent to the said bills.

The House of Commons withdrew.

The Honourable the Deputy Governor General was pleased to retire.

The sitting of the Senate was resumed.

BUSINESS OF THE SENATE

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, I ask that all remaining orders, inquiries and motions stand.

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

Hon. Senators: Agreed.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Wednesday, April 1, 1992

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

Prayers.

SENATORS' STATEMENTS

ROYAL SOCIETY OF CANADA

REFERENCE TO 1883 EDITION OF *HANSARD*—CORRECTION

Hon. Royce Frith (Leader of the Opposition): Honourable senators, I wish to correct a statement I made yesterday during my intervention on Bill S-7. I must say this is a bit embarrassing.

When I was speaking on Bill S-7, I mentioned that the *Debates of the House of Commons* were not available in the French language until 1896. That surprised a number of us. It certainly surprised me when I received the material; so I checked. I am embarrassed to confess that it was not the *Debates of the House of Commons,* but rather those of the Senate, that were not available during that period.

Senators might remember that yesterday I said that I wanted to deal with a letter from Camile Doucet and with statements made by Mr. Tassé at the time of the establishment of the Royal Society of Canada. I had wanted to read it in French because the intervention had been made in French and the letter had been in French. However, I could not get the original version from the Commons *Debates*. So we made a further check. When we inquired of the Library to obtain the original French text as it appeared in the 1883 *Debates*, there was a misunderstanding as to which *Debates* we were referring to. That is when we were told they were not available.

Honourable senators, here is the correction. There is, in fact, a French text, or a French translation, of the House of Commons *Debates* from the time of Confederation. However, those wishing to read the *Debates* of the Senate in the French language can only do so for the period of 1896 onwards, except for the four sessions of the First Parliament, 1867 to 1871, which the Library translated into French later as a Centennial project.

Hon. Lowell Murray (Leader of the Government): There is a constitutional provision for that.

Senator Frith: The information that we were given was that the Constitution provides that you can use either language, not that they must be translated.

Senator Murray: And the *Journals* and records must be?

Senator Frith: You can use them in both. But we were told that the French language in that first period was simply not used in the Senate with any regularity. Anyone who wishes to pursue this is welcome to do so, but that is where the trail ended in our investigation yesterday.

GENERAL ELECTION

NUMBER OF DAYS LEFT IN CURRENT TERM

Hon. Royce Frith (Leader of the Opposition): For those who are counting, the two important numbers of days for the calling of an election are 234 for the democrats, and 620 for the others.

NATIONAL HOCKEY LEAGUE

IMPENDING PLAYERS' STRIKE

Hon. Raymond J. Perrault: Honourable senators, with so many serious problems inflicting our country and the world, some may regard as inconsequential any reference to hockey. The fact is, however, that hundreds of thousands of Canadians love our great national game and all of Canada looks forward to the Stanley Cup play-offs to provide the emotional thrills and the psychological lift for Canadians to escape from their winter doldrums into spring and summer.

It is unbelievable, therefore, that for the first time in the 75-year history of the National Hockey League the players may be going on strike within the hour. It will be a sad day for hockey and for Canada should this action be taken. At a time when Canada is suffering from high unemployment and the closing of factories and businesses from coast to coast, most Canadians will find it difficult to understand why this action is necessary.

As a director of the Vancouver Canucks, I can tell you this. In the past two years, the National Hockey League has undergone an unprecedented degree of change. There have been rapid and radical changes in the economics of the game, which has seen hockey salaries rise to an average of over $300,000 a year. Under the proposed new free agency system, NHL players would earn an average of $420,000, along with substantially improved life pensions at the age of 62.

Significantly, down through the years the National Hockey League has gone from a position of profit to one where substantial losses are threatened. The players have the figures. Indeed, they selected four teams for their own detailed financial scrutiny. They must know the gravity of the situation. The NHL will go from an overall loss of $9 million this year to a substantially greater loss in 1993-94.

For Canadian NHL teams there are special and very costly problems which relate to the differences between the system of taxation in the United States and the current tax regime in

Canada. The cold truth is that unless NHL owners and the players adopt a concept of partnership, major league hockey teams in North America, particularly certain Canadian teams, will be in serious trouble.

This great game cannot survive in the deeply divisive, adversarial climate that from time to time has afflicted major league baseball and football in the United States. Understandably, the players—and there are many great ones—would like to have even more money and the owners would like to realize a satisfactory return on their investments.

Is there a rich and lucrative pot of untapped television revenue? The fact is that hockey will never be America's favourite sport. As a result, rich television contracts have not been secured for the game. Instead, the average fan supports the teams; the average, loyal, hard-working fan in Vancouver, Calgary, Edmonton, Winnipeg, Toronto, Montreal, Quebec and in the league's U.S. cities—and I hope there will soon be many fans in Ottawa.

What will happen if it is necessary to raise the price of tickets to $40 a game? Many tickets are now over $30 a game. This is not idle speculation; it is a fast-approaching reality. Is the great popular game of hockey to become a luxury for the economic elite in this country? Canadian franchises could be in serious trouble, and I suggest that more than one Canadian team will be forced to relocate south of the border if a realistic approach is not adopted.

What is to be done? Right now we need a vivid and tangible expression of the concept of partnership. This is a political suggestion. Get the teams back on the ice. I suggest that in politics, regardless of the way we vote here, we would ask the players to accept the present package with a commitment that within a six-month period talks would continue, that there would be a full sharing of economic data and information pertaining to all of the teams, that trust would be re-established and that both sides would move together in the interests of the fans who have supported this great game with fierce and uncommon loyalty.

Let us get on with the playoffs. Hockey is one of Canada's greatest and proudest exports. It would be a tragedy if it were to go into decline because of a lack of vision on the part of any of those associated with it. Meanwhile, let those of us in public life work to modify our tax laws so that NHL franchises in both Canada and the United States operate on the same level playing surface.

I appreciate the generous allowance of overtime for my remarks granted by Your Honour and honourable senators.

GREECE

THE LESSONS OF HISTORY

Hon. Philippe Deane Gigantès: Honourable senators, yesterday, during a speech of mine, Senator Lynch-Staunton remarked that I speak more of Greece than I speak of Canada.

Senator Lynch-Staunton: In positive terms.

Senator Gigantès: Indeed. Napoleon said that Greek history is composed of wars between villages described by great historians. Great historians have a lot to teach us. Santayana said that those who ignore history are condemned to repeat it.

I wish to speak to Senator Lynch-Staunton, in particular, about Linear B, which is an alphabet of the Minoan civilization that was discovered in Crete. It was deciphered by a young English architect in the fifties; it was found that the Linear B tablets contained the account books of businessmen—not history, not poetry, not literature. Because that Minoan civilization, the one after the big earthquake in the sixteenth century, was so obsessed with business and so little with literature or poetry, it disappeared. It was the Tory Minoans who lead that civilization to perdition.

There will be more Greek for you, sir. I shall try to have some every day.

● (1410)

NORTH ATLANTIC ASSEMBLY

SUBCOMMITTEE ON VERIFICATION AND TECHNOLOGY—REQUEST TO APPEND REPORT DENIED

Hon. Earl A. Hastings: Honourable senators, on Monday last I tabled in the Senate a report of the Canadian participation in meetings of a subcommittee of the Science and Technology Committee of the North Atlantic Assembly. In tabling the document, I neglected to make the normal motion that it be appended to the proceedings of that day. With unanimous consent, and given the historical importance of the document, might I have permission to have it appended to today's proceedings?

Hon. John Lynch-Staunton (Deputy Leader of the Government): I think we should establish a policy on the printing of such reports, no matter how important they may seem. I would suggest that Senator Hastings put this matter down as a Notice of Inquiry or a Notice of Motion so that we can discuss the whole principle.

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

Senator Bonnell: You are refusing leave to append it?

Senator Lynch-Staunton: That is what I said.

Senator Hastings: It is your motion; it is your rule.

The Hon. the Speaker: I presume it is agreed?

Hon. Lowell Murray (Leader of the Government): No, honourable senators.

Senator Lynch-Staunton: I said that we refuse to give leave to Senator Hastings for reasons already stated.

The Hon. the Speaker: That is what I mean. Leave is not granted.

THE ECONOMY

MISMANAGEMENT OF MONETARY POLICY—NOTICE OF INQUIRY

Hon. H.A. Olson: Honourable senators, I give notice that on Thursday, April 2, 1992, I will call the attention of the Senate

to the government's mismanagement of the economy, and particularly monetary policy.

Hon. Lowell Murray (Leader of the Government): We currently have the lowest interest rates in 20 years. What are you talking about?

Senator Olson: It is essentially the same notice as one that fell off the Order Paper due to the 15-day rule.

Senator Barootes: If that is so, may I ask if it is permissible to reintroduce such an inquiry?

Senator Frith: The answer to your question "... may I ask ..." is no.

[*Translation*]

GOODS AND SERVICES TAX

PRESENTATION OF PETITIONS

Hon. Jacques Hébert: I have the honour, honourable senators, to present petitions signed by 25 citizens of New-Brunswick opposed to the goods and services tax. Theses petitions are mainly from Fredericton and Saint John.

I have the honour to present petitions signed by 75 citizens of New-Brunswick opposed to the goods and services tax. These petitions are mainly from Fredericton, Saint John and Lincoln. These Canadian citizens numbering 100 in total will no doubt, when the time comes, remind the government that it refused to heed their pleas.

QUESTION PERIOD

[*English*]

THE CONSTITUTION

NATIONAL REFERENDA—CHANGE IN GOVERNMENT POLICY

Hon. Royce Frith (Leader of the Opposition): Honourable senators, I have a question for the Leader of the Government in the Senate. It relates to what appears to be another change of policy of the government with regard to a national referendum on the constitutional question. I recall the facts to be as follows. I am sure that if they are wrong, the Leader of the Government in the Senate, with his passionate proclivity for pedantry, will hasten to correct me.

Senator Murray: It is a passion for accuracy.

Senator Frith: Senator Barootes, you were here the other day when he turned around and gave you all a lecture and you were all nodding. Don't you remember that?

Senator Barootes: That is only because you were not listening!

Senator Frith: You were nodding then just as you are nodding now. The government had prepared legislation to lay a foundation for a national referendum. I then recall that some of the leader's colleagues among the government's supporters, namely those from Quebec, had adamantly opposed a national referendum.

Senator Thériault: You mean Bouchard!

Senator Frith: I remember Mr. Blackburn and Mr. Benoit Bouchard. I then understand that Mr. Blackburn had withdrawn his embargo. I see today on the wire that the Minister of National Health and Welfare, Benoit Bouchard, has said that the government may need a referendum bill if talks with the provinces, territories and aboriginal leaders fail.

My first question is: Is that sequence causatively connected? Can the Leader of the Government tell us anything more about the government's policy and change of view on a national referendum?

Hon. Lowell Murray (Leader of the Government): Honourable senators, the Leader of the Opposition speaks of a change in policy. The policy of the government on this matter was first set forth in the Speech from the Throne, read in this chamber on May 13, 1991.

Senator Bonnell: It has been changed since!

Senator Murray: I quote from pages two and three of *Hansard* of that date:

> After receipt and consideration of the committee's report, my government will propose a plan for a renewed Canada for consideration by the people of Canada. You will be asked to approve enabling legislation to provide for greater participation of Canadian men and women in constitutional change.

Senator Frith: Right. So?

Senator Murray: Honourable senators, the policy of the government has not changed.

Senator Frith: In between times it never changed? So far, you are confirming what I said. That is exactly what I remember.

Senator Murray: Yes.

Senator Frith: Was there never any change? Was I wrong about the fact that many of the Quebec members of the caucus and cabinet publicly opposed a national referendum?

Senator Murray: Honourable senators, my recollection is that there was an additional vote of confidence on that Speech from the Throne. It passed handily in the House of Commons. Therefore, one must assume that all those who supported it support the policies outlined in the Speech from the Throne.

Having said that, the public debate to which my honourable friend refers, and which did engage a number of members of the Conservative caucus, was principally about the timing of the legislation that is referred to in the Speech from the Throne.

Senator Frith: It is too bad we do not have television coverage in here, but perhaps the record will show that the Leader of the Government smiled throughout most of that answer.

Senator Murray: Do I not always do so?

PROPOSED CONSTITUTIONAL PACKAGE—GOVERNMENT ALTERNATIVES

Hon. Peter Bosa: Honourable senators, I have a question for the Leader of the Government in the Senate. The Prime Minister is reported to have said in the other place that if the federal government does not receive approval from the premiers for its constitutional package that he is ready to move on other fronts, such as a referendum, a plebescite or a possible election. Would that not be a political confrontation with the premiers of the provinces? I am asking the honourable gentlemen if he could confirm that.

Hon. Lowell Murray (Leader of the Government): Honourable senators, the resort to plebiscite, referendum or general election would not be a confrontation with the provincial governments. The resort to one of those mechanisms would take place after a deadlock-producing confrontation with the provinces.

Senator Bosa: Does the leader recall that Mr. Mulroney at one time stated, in criticism of the Right Honourable Pierre Elliott Trudeau for having moved unilaterally on the patriation of the Constitution, that he would introduce a new civility in government in dealings between the federal government and the provinces.

Is that the new civility that the Prime Minister is now demonstrating?

● (1420)

Senator Murray: Honourable senators, I am glad the honourable senator has asked that question. There is no way that the federal government could move unilaterally to amend most parts of the Constitution. Any plebiscite or referendum, or general election for that matter, would seek an expression of opinion from the people. There are amending formulae ranging from bilateral action by the federal Parliament and one province through to the general amending formula involving six provincial legislatures and Parliament on up to ten provinces and Parliament. Regardless of what might happen in any popular consultation, the process of amending the Constitution would not be changed. It might simply be expedited by a popular consultation.

Senator Bosa: In the patriation of the Constitution one province did not come on board. It now appears that one premier has stated emphatically that he will not compromise on the triple-E Senate. Consequently, were there an election, referendum or plebiscite and the federal government decided to proceed with the Constitutional package, we would have the same situation as when the Constitution was patriated.

Senator Murray: Honourable senators, more than one premier has occasionally placed himself in a corner from which politically it was difficult to emerge. We hope that a spirit of honorable compromise will prevail and that it will be possible to reach agreement as between the federal government and all the provinces. Mr. Clark is working diligently to that end. The committee of federal-provincial ministers is meeting on an average, I believe, of once per week between now and the end of May. So we are expending all our efforts to attempt to achieve an accommodation and honorable compromise between the parties. If this fails, then we will, as the Prime Minister has indicated, have to consider other options in order to expedite the process.

Senator Bosa: Honourable senators, it is my wish that the ministers will succeed in reaching a compromise and concluding this very heated debate on constitutional reform. However, Mr. Trudeau also tried very hard to reach a compromise, but he did not. The present Prime Minister accused him of not being civil to the premiers and then indicated that he would introduce a new civility into the dialogue. It appears to me that Mr. Mulroney is headed into the same sort of situation—a situation of which he at one time was quite critical.

Senator Murray: It is not a matter of civility, honourable senators. My friend will recall that it was a matter of the constitutional conventions, as the Supreme Court of Canada later found. My friend, who has been around here for a long time, will recall the white paper that was tabled back in the 1960s by the Honourable Guy Favreau, the then Minister of Justice, who I think was closer to the truth about what the Canadian constitutional tradition required when he said that for major constitutional change unanimous agreement of the provinces was necessary.

SCIENCE POLICY

DEMISE OF SCIENCE COUNCIL OF CANADA—GOVERNMENT RESPONSE

Hon. Lorna Marsden: Honourable senators, I should like to thank the Leader of the Government for a response to a question I asked recently about the unhappy demise of the Science Council. The Leader of the Government pointed out that NABST had published a series of reports and that they were available. In his answer, he listed them, and I sent for them. They are extremely interesting.

● (1430)

I thank him for bringing them to my attention because even though I am very interested in this field, I certainly would not have known about them had I not had the opportunity to ask the question.

AMALGAMATION OF SOCIAL SCIENCES AND HUMANITIES RESEARCH COUNCIL AND CANADA COUNCIL

Hon. Lorna Marsden: That leads me to another question about science policy. Here I simply seek enlightenment. I am confused about the thinking behind the government's move to amalgamate the Social Sciences and Humanities Research Council of Canada and the Canada Council, bodies that have been separate for the past 17 years. I am particularly confused because of the release by the Honourable Bill Winegard, the minister responsible, of the details of funding for the three federal granting councils. I understand that the budgets of SSHRC and the Canada Council will be kept in separate envelopes; am I correct about that?

Hon. Lowell Murray (Leader of the Government): Honourable senators, I honestly do not know. However, I invite the honourable senator to put whatever questions she has on the record and I will obtain answers very quickly.

Senator Marsden: Let me then say that I would be grateful if the Leader of the Government in the Senate explicated in some detail the rationale for a merger which certainly has no scholarly or substantive advantage, as far as anyone can see, and appears to have no financial advantage, as far as anyone can see. It is a mystery to many of us why it would occur. Is there some other agenda going on here that I have simply missed? I look forward to receiving a full response from the minister.

Senator Murray: Honourable senators, as my honourable friend has mentioned, for quite a few years following the mid-1950s the functions were grouped under the one body, the Canada Council, and I think the experience was not so terribly bad.

I will see what further explanation, besides the obvious economic and financial one, may be available from the government on this matter.

Senator Marsden: If the minister does not think that experience was bad, I draw to his attention a new book by Donald Fisher entitled: "Social Sciences in Canada: 50 years of National Activity", published very recently by Wilfrid Laurier University Press. It is an excellent explication of why it was so bad and why this new move is probably not desirable.

PARLIAMENT OF CANADA

"OPEN HOUSE" PUBLICATION—SIGNIFICANCE FOR SENATE

Hon. Eymard G. Corbin: Honourable senators, I have in my hands a publication put out by the Public Information Office of the House of Commons entitled "Open House." It contains, in my opinion, some doubtful, if not heretical, material.

I would like to quote extracts from pages 2 and 3. In referring to the legislative process the publication states that the first test is the House of Commons and the second test is the Senate. That is questionable, because we all know that we also introduce bills here and they undergo their first test in the Senate. That is one matter.

The statement that provokes my curiosity is the following:

> If the House [of Commons] and the Senate cannot agree on amendments—although this rarely happens—the House [of Commons] requests a meeting of representatives of the two chambers so that a solution can be reached.

Does that mean that only the House of Commons can request a meeting with the Senate, or is it still within our grasp for the Senate to request such a meeting? In other words, is this new doctrine or is it just a heresy?

Hon. Lowell Murray (Leader of the Government): Honourable senators, I am not at all certain that the Constitution or the rules provide that either house may seek or convene a conference. It may be that that initiative does have to come from the House of Commons, but I am not certain. I would like to look it up.

Senator Stewart shakes his head. If I am in error, I would like to be corrected now so that the record may be clear.

Senator Corbin: Honourable senators, I am not prepared to accept Senator Murray's last statement.

There are many matters one could raise out of this publication. I appreciate that it is a pro domo publication by the House of Commons. Nevertheless, it invites the public to get involved. It states: "write to your Member of the House of Commons with your views on proposed new laws." Of course. But members of the public should know that they can also write to Canadian senators and their views will be heard.

What is particularly offensive about this pro domo publication is that it has a photograph of the House of Commons—I should note in passing that it is in both languages and I am quite pleased with that. It has a photograph of the green house; it has a marvellous photograph of the Speaker of the House of Commons; it has a photograph of the Peace Tower carillonneur. However, it does not have a photograph of our august Speaker of the Senate. Is that a deliberate omission, or is he not sufficiently dignified to appear in this publication? What is wrong with the Senate? Is this just House of Commons propaganda? Is the House of Commons going to abolish us tomorrow? We should know what they have in mind.

Senator Barootes: Was there a question there?

Senator Corbin: Yes. You were not listening again.

JUSTICE

DEMISE OF LAW REFORM COMMISSION

Hon. Jerahmiel S. Grafstein: Honourable senators, perhaps the Leader of the Government in the Senate, since he is dealing with other institutions that are being liquidated, could give us the rationale for liquidating the Law Reform Commission. Will the functions of the national Law Reform Commission be taken up under another umbrella within the federal government?

Hon. Lowell Murray (Leader of the Government): I would expect that the Department of Justice would play the role that the Law Reform Commission has played in the past.

In a word, the Law Reform Commission is being wound up because we believe it has done an excellent job and has served its purpose.

Senator Grafstein: The basis for establishing an independent body such as the national Law Reform Commission had to do with the arm's length principle. If the Leader of the Government in the Senate were to examine the *Debates of the Senate*, he would see that at that time it was felt important to have an independent law advisory body that could examine not only the functions of the law generally, but also those activities that come under the purview of the Department of Justice.

Prior to the establishment of the Law Reform Commission there was a law reform body within the Department of Justice and it was felt at the time that that should be segregated and set out on its own. Is there some reason why the rationale which pertained several decades ago has somehow been lost?

Senator Murray: No, honourable senators. The fact is that there are available to the government now, and to Parliament and to the public, many more sources of independent advice and legal scholarship than we had in the days prior to the establishment of the Law Reform Commission. We now believe that it is not strictly necessary to maintain such a commission at public expense.

NORTH AMERICAN FREE TRADE AGREEMENT

STATUS OF NEGOTIATIONS—TIMING OF RATIFICATION

Hon. H.A. Olson: Honourable senators, I would like to ask the Leader of the Government a question about the negotiations that are now under way respecting a North American Free Trade Agreement.

Senator Murray: Are you in favour or against?

Senator Olson: I would like to know something else about it.

Senator Murray: You need more information?

● (1440)

Senator Olson: Yes. At various times up to and including yesterday, there have been a number of statements made in Washington by some of the leading proponents of such a free trade agreement. They say that it should not be brought before the Congress of the United States prior to the election to be held the first week of November, because if it is, it is destined to fail.

Could the Leader of the Government in the Senate obtain for us some assurance that the people of Canada will be consulted, in the same way as the people of the United States are to be consulted? In other words, will such a measure be introduced only after an election, so that the people of Canada will have had an opportunity to express themselves respecting this negotiation?

Hon. Lowell Murray (Leader of the Government): Honourable senators, I have given the assurance here recently that any free trade agreement would be placed before Parliament, and therefore Parliament would have an opportunity to review, debate and decide on it. That is the only assurance that I am authorized to give on that matter at this time.

Insofar as the United States is concerned, notwithstanding the speculation of various people, including some officials in that country, our understanding is that the administration in the United States remains committed to trying to complete negotiations and have a North American Free Trade Agreement ratified in the present calendar year.

Having said that, I am sure it will be obvious to everyone that the longer the negotiations continue and the closer we get to the November election, the less likely it becomes that it would be possible for the Americans to ratify any agreement before November.

PARLIAMENT OF CANADA

CONVENING OF CONFERENCES OF BOTH HOUSES

Hon. Royce Frith (Leader of the Opposition): Honourable senators, the Leader of the Government, in answering a question a moment ago, wanted to be advised—I think he said "now"—about the seeking or convening of conferences of both Houses of Parliament. I looked it up. I have the fifth edition of *Beauchesne*, and I quote from citation 815:

> Either House may demand a conference upon the following matters:

It lists a number of matters and includes:

> . . . to offer reason for disagreeing to, or insisting on, amendments; or any other subjects allowed to be proper for such a proceeding.

The authority that is given is *Bourinot* at pages 274 to 280. I do not have *Bourinot* here, but that is what *Beauchesne* says.

Hon. Lowell Murray (Leader of the Government): I thank the honourable senator for that.

INTERNATIONAL TRADE

CNR—PURCHASE OF U.S. LOCOMOTIVES—EFFECT OF UNITED STATES "BUY AMERICA" POLICY

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, the government has expressed concern on a number of occasions about cross-border shopping, and indeed has taken some action under pressure from the provinces to do something to remedy the situation. Nevertheless, recently the government allowed Canadian National to purchase locomotives in the United States. The Mayor of London, Ontario, Tom Gosnell, at that time said, "It's the ultimate cross-border shopping trip."

However, he went on to say something else, and this is what I would like to ask the minister about. He noted that the London plant is excluded from bidding on contracts for U.S. government-subsidized companies such as Amtrak because of "Buy America" policies.

Can the minister tell us exactly how far that prohibition extends? In spite of the FTA, are we prevented from bidding on government contracts in the United States or on contracts with any corporation that receives subsidies from the U.S. government?

Hon. Lowell Murray (Leader of the Government): Honourable senators, I will obtain a clarification of that situation from my colleague the Minister of International Trade and bring it in as soon as possible.

I think I should state for the record with regard to this locomotive order that Canadian National placed the order with the lowest bidder. That was General Electric. However, I

think honourable senators should be aware of what the economic impact will be as a result of this decision.

An order to rebuild 50 locomotives for a U.S. railway firm, Burlington Northern, has been directed by GE to its facility in east-end Montreal. Additionally, GE agreed to direct foreign export orders of 26 new locomotives placed by Iran and 10 placed by Uruguay to the same facility.

The value to Canada of the total CN deal is approximately $75 million, whereas the GM Locomotives package would have generated approximately $40 million. I am told that, in total, 518 person years of work within Canada will result from this procurement package; by contrast, 327 person years of work would have resulted had the bid of GM Locomotives in London, Ontario, been accepted. Under both scenarios, 70 person years of work are projected within Canada's rail supply sector.

Senator Molgat: So it has meant, then, a shifting of jobs from London, Ontario, to Montreal? That has been the ultimate result?

Senator Murray: No, honourable senators, that is not the statement that I have just read on behalf of the Minister of Transport. I have indicated some decisions that have been taken by General Electric, not to transfer from London, Ontario, but to direct work to the Montreal facility.

Senator Molgat: But the effect will be exactly that? It will mean less jobs in London and more jobs in Montreal, is that correct?

Senator Murray: Honourable senators, I am explaining to the honourable senator that the overall economic impact of these decisions is more positive for Canada than would have been the case if the bid of GM Locomotives in London had been accepted.

Senator Molgat: But you still have not answered my question. It has meant a shift of jobs from London to Montreal.

Senator Murray: No, honourable senators. That is not a correct interpretation.

Senator Olson: That is what you said.

Senator Murray: That is not a correct interpretation, and I invite the honourable senator to read what I have said before drawing conclusions of that kind.

Senator Molgat: That is the effect of the decision. It will mean less jobs in London and more jobs in Montreal. That is the result of the government decision.

Senator Murray: No. There is no government decision.

Senator Olson: Is the government no longer a shareholder in CN?

Senator Murray: The honourable senator knows the answer to that question as well as I do. He also knows that there is a board of directors of CN which runs the affairs of that company.

Senator Olson: So you do not take any responsibility for that?

[Senator Murray.]

THE BUDGET

SOCIAL PROGRAMS—ELIMINATION OF PRINCIPLE OF UNIVERSALITY—GOVERNMENT POLICY

Hon. Stanley Haidasz: Honourable senators, I have two questions to direct to the Leader of the Government in the Senate.

As we all know, this government has attempted several times to eliminate the universality principle in federal social programs in this country. Just yesterday, the Conservative senators voted for the ceiling placed on the Canada Assistance Plan. In the budget, we learned that the Minister of Finance had eliminated the universality of child allowances. Will this government continue to eliminate the universality principle as it applies to our social programs, or will it stop here?

● (1450)

Hon. Lowell Murray (Leader of the Government in the Senate): Honourable senators, I do not quite know what the honourable senator has in mind when he asks that question.

However, with regard to the vote taken yesterday, I should say that what the government voted in favour of was a 5 per cent cap on increases in federal funding under the Canada Assistance Plan to three provinces: Ontario, Alberta and British Columbia. They will receive at most a 5 per cent increase. There is no cap on the payments to those provinces that are recipients of equalization.

As far as universality is concerned, the honourable senator is aware of the decision that was taken in the budget with regard to the family allowance. I am happy to say that that decision, which is to devote more emphasis and more financial resources to those in greatest need and, in particular, to assist families of the working poor, has been very well received in the country.

The Hon. the Speaker: Honourable senators, this will be the last question in Question Period. Please go ahead, Senator Haidasz.

Senator Haidasz: Thank you, Mr. Speaker.

JUSTICE

INCREASE IN SALARIES OF FEDERALLY APPOINTED JUDGES

Hon. Stanley Haidasz: Honourable senators, I have another question for the Leader of the Government in the Senate.

There have been many complaints concerning the freezing by the government of public servants' wages. Yet, we heard yesterday that over 900 federal judges have received a 5 per cent increase in their salaries. How can the government justify this discrimination?

Hon. Lowell Murray (Leader of the Government in the Senate): Honourable senators, the process for reviewing judicial salaries was set up, I believe, by our predecessors, although I may be wrong. Nevertheless, there is a process in place for reviewing judicial salaries. That process led to the increases to which the honourable senator refers.

We will either have a process of that kind or we will not. We followed it to its logical conclusion.

THE SENATE

ORDER AND DECORUM

The Hon. the Speaker: Honourable senators, I wish to draw to your attention rule 19(3) of the *Rules of the Senate*.

It is, at times, very hard for me to follow what is being said in the chamber because there are so many private conversations going on.

Rule 19(3) states:

> If Senators have occasion to have private conversations in the Senate Chamber, they shall go below the Bar . . .

ANSWER TO ORDER PAPER QUESTION TABLED

CANADIAN BROADCASTING CORPORATION—HOURS OF COVERAGE OF *NEWSWORLD* PROGRAMMING

Hon. John Lynch-Staunton (Deputy Leader of the Government) tabled the answer to Question No. 55 on the Order Paper—by Senator Molgat.

VISITORS IN GALLERY

MEMBERS OF POLISH COMBATANTS' ASSOCIATION IN CANADA

The Hon. the Speaker: Honourable senators, I wish to draw your attention to the presence in our gallery of some Polish Canadian Visitors. They are Mr. Marion Fijal, National President of the Polish Combatants' Association in Canada, and Mr. M. Szczecinski, immediate past President of the Polish Combatants' Association in Canada.

Hon. Senators: Hear, hear.

BORROWING AUTHORITY BILL, 1992-93

SECOND READING—DEBATE CONCLUDED

On the Order:

> Resuming the debate on the motion of the Honourable Senator Doody, seconded by the Honourable Senator Doyle, for the second reading of Bill C-61, to provide borrowing authority for the fiscal year commencing on April 1, 1992.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, the adjournment allowed me to read Senator Doody's comments. I listened carefully to them, but I wanted to read them as well.

As he points out, essentially, this is the usual bill that we receive. He also points out that there are a number of technical changes contained in the bill.

Senator Doody: Yes.

Senator Molgat: As we are all aware, technical changes sometimes have a way of developing into rather major changes. However, I hesitate to question my good friend Senator Doody since undoubtedly he was given the information pertaining to these changes by the department.

I hope that when the bill arrives in committee we will have the opportunity to study it thoroughly in order to ensure that the technical changes are, indeed, only that, with the rest of the bill being but normal procedure. Thus, we have no objection to sending the bill to committee. At third reading we will have the opportunity to express more opinions on the subject.

Hon. C. William Doody: Honourable senators—

The Hon. the Speaker: Honourable senators, the intervention of Senator Doody at this time will have the effect of closing the debate.

Senator Doody: Thank you, honourable senators. One thing I neglected to point out while I was making my intervention on second reading—

Senator Molgat: Is there more?

Senator Doody: Yes, there is, and it is very important. Only Senator Frith can really appreciate it.

This is not a borrowing bill; it is a borrowing authority bill. It will not cost the government one cent if we pass this bill. Later on, perhaps it might.

Senator Frith was always at great pains to point out this distinction when he was on this side of the chamber. I take my advice from him. I want to assure honourable senators that the same is true in this particular case.

Senator Frith: In your place, I would have rubbed it in, too.

Motion agreed to and bill read the second time.

REFERRED TO COMMITTEE

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

Hon. C. William Doody: Honourable senators, I move that this bill be referred to the Standing Senate Committee on National Finance.

Hon. Fernand-E. Leblanc (Saurel): Honourable senators, I would like to mention that if the minister is available, and even if the Senate is not sitting tomorrow, the committee will be sitting at 11 a.m. in consideration of the bill.

Motion agreed to and bill referred to the Standing Senate Committee on National Finance.

CANADIAN ENVIRONMENTAL ASSESSMENT BILL

SECOND READING—DEBATE CONTINUED

On the Order:

> Resuming the debate on the motion of the Honourable Senator Ottenheimer, seconded by the Honourable Senator Ross, for the second reading of Bill C-13, to establish a federal environmental assessment process.

Hon. Colin Kenny: Honourable senators, the bill we are examining today is one that our side supports in principle. At the same time, there are areas that need to be examined more carefully. I shall address some of these today with the hope that we can improve the bill at the committee stage.

First, I believe that this bill offers a framework that is a significant improvement over the current method of dealing with environmental assessments.

For at least the last decade, increasing public attention to the environment has put impact assessment in the limelight making it a greater priority for governments.

The idea was given further momentum in 1987 when the Brundtland Report recognized environmental assessment as a key to implementing its concept of sustainable development. The report recommended that countries adopt impact assessments as they were seen as necessary for initiating many of the report's legal and institutional recommendations.

At the present time, federal environmental assessments are conducted according to the Environmental Assessment and Review Process Guidelines, otherwise known as EARP, introduced in 1984. It has become very clear that this process is not working as well as it could be.

● (1500)

The most obvious examples are two recent court decisions involving provincial dams, the Rafferty-Alameda in Saskatchewan and the Oldman River Dam in Alberta. Both of these decisions upheld the constitutionality of the Guidelines Order. They said that, where the federal government is required by statute or law to make a decision with respect to a project, it is required to comply with the guidelines and conduct an environmental assessment. However, because the guidelines were not intended to be binding, they could not be interpreted as having the status of federal law as the courts had done. Clearly, change is necessary.

Owing to this, the impact assessment process itself has been *ad hoc* and fraught with duplication and confusion. The guidelines have been the only way of enforcing assessments and their unsuitability has frustrated both the public and private sectors.

Despite promising a legislated environmental assessment process in the 1984 and 1988 elections, it was not until June 1990 that the government introduced Bill C-78 into the House of Commons. Liberals in the other place voted against Bill C-78 at second reading because they felt it was too narrow in scope and that it gave ministers too much discretion. They also had doubts about its enforceability.

The Liberal view was confirmed by the strong and widespread opposition to the bill that was voiced by witnesses at committee stage. The bill died on the Order Paper as the government prorogued the session of Parliament before clause-by-clause study.

In the next session, the Minister of the Environment reappeared before the committee with Bill C-13, a bill with the same objective as Bill C-78, but with several improvements. In spite of these improvements, another set of hearings confirmed that several concerns with the bill were still outstanding. Finally, after additional amendments, the bill was passed in the other place.

Honourable senators, I do not intend to review the substance of this bill in detail. I believe it is important at this stage to highlight the areas of the bill that the Senate committee should examine. The result will hopefully be a much improved bill.

Bill C-13 makes it necessary for a federal authority—a minister of the Crown, an agency of the government, or certain departments or departmental corporations—to conduct an environmental assessment of projects that involve the federal government in various ways. Specifically it applies to projects receiving any federal financing where the federal government must issue a permit, licence, or approval for a project, or where the project comes under federal jurisdiction or impacts on federal land. The purpose of the environmental assessment is to ensure that the environmental effects of projects receive careful consideration before responsible authorities take action in connection with them.

The bill is based on the principle of self-assessment—that is, integrating environmental concerns into the planning stages of projects. The "responsible authority" must take into account environmental concerns as early as practicable in the project's development.

One of the concerns with this bill is that it does not go far enough—it applies only to federal projects and not to new government programs and policies. It is particularly ironic that the government has twice promised measures whereby proposals going before cabinet would be subject to an internal environmental assessment. The first time was on February 4, 1989, when Luçien Bouchard was sworn in as Minister of the Environment. He said, and I quote:

> It will not be possible for the government to make a decision without an environmental assessment . . . The new government thinking is in keeping with the concept of sustainable development. This is my commitment. This is the will of the Prime Minister.

On June 18, 1990, the then Minister of the Environment, Robert de Cotret, promised that an internal environmental assessment would be required for policies going before the cabinet. He promised:

> . . . on a mandatory basis, [to] have an environmental assessment made of any kind of Cabinet document that came to Cabinet.

At the same time, when introducing the *Canadian Environmental Assessment Act*, he boasted that Canada would be ". . . the first government in the world to implement environmental assessment of policy initiatives" and he promised a public statement on these implications.

Over three years have passed. We have yet to see a single such policy assessment and we are now presented with Bill C-13 where these assessments appear to be limited to government projects. Those are two commitments by members of the Conservative cabinet that cannot be allowed to disappear down the memory hole.

I must say, as an aside, that I would be very interested in knowing what Mr. Bouchard's views are on environmental assessment today in his new incarnation.

In any event, the omission of environmental assessment reviews of policies will have to be considered carefully by the committee when it reviews the bill.

The second area that the committee may want to explore is how projects are selected for assessment. A concern seems to be that the projects requiring assessment in this bill are only those specifically laid out in regulation. In other words, if it is not on the list, it does not require assessment.

The process works as follows: Certain projects go immediately to a comprehensive or a mandatory study. These will be listed in regulations. They are projects that are already known to pose significant risks to the environment. They tend to be large-scale projects like oil and gas developments, major hydroelectric developments, highways, pipelines, and large industrial plants. These projects will be subject to a public review panel or mediation process.

Honourable senators, witness after witness repeated in the other place that it would be preferable to have the list the other way around—that everything is covered unless it is specifically excluded by regulation. This would make it much more difficult for the government to exempt a project from environmental assessment. Those projects whose environmental effect is uncertain would be less likely to "slip through the cracks" and not be included on the mandatory list.

Also, the committee might want to consider that the method proposed in the bill will be difficult to administer. There could be far more items off the list than on the liste, which would lead to uncertainty and require time and effort to confirm.

There is another aspect to the assessment process contained in this bill that requires further study. I refer here to the decision of the responsible authority whether or not to proceed with the project in question. The decision is made after the responsible authority considers reports from the review panel, the mediation, or the comprehensive review. In the event that the responsible authority is proceeding with a project that has been reported as having adverse effects, we want to ensure that the panel report and the responsible authority's reasons be fully disclosed and in a timely manner.

The government boasts of opportunities for public participation created by this bill. However, one problem with the bill is that it does not include a mandatory funding program. While it gives the minister the power to establish such a program, it is purely discretionary.

Intervenor funding is an integral part of the entire environmental process. It considerably improves decisions made and is one of the few avenues extant in society for public participation in decisions regarding major project developments. Empowering people to protect the environment and to participate in environmental decision-making is key to a sustainable economy, and intervenor funding is key to this empowerment.

Honourable senators, when asked about this issue, the government spokesperson referred to the Participant Funding Program announced in November, 1991, as part of the Green Plan. I am concerned about two things: First, the Green Plan Fund is a meagre $8.5 million over six years. That is a little over $1 million a year. Second, the government recently cancelled the Court Challenges Program, a very similar initiative in the area of human rights.

● (1510)

Honourable senators, the Court Challenges Program had a legislative base. If it is the government's inclination to cancel this program, what safeguards do we have that the participant funding program in the Green Plan would not also be cancelled?

The issue of third party funding must be considered by the committee. The Senate committee may also want to explore the nature of the compulsory review that is required of the bill five years after its passage. The bill calls for a closed-door ministerial review. The minister would consult only those he considers appropriate. In keeping with the bill's spirit of openness, a review by an established parliamentary committee, one that includes hearings for witnesses, might be preferable.

Finally, honourable senators, in light of the events over the past few weeks, I would like to take this opportunity to encourage the Quebec Minister of the Environment to come before our committee. He has indicated that he has serious problems with the bill and we owe him, or any other provincial minister, our time and attention. I have in my hand a letter that the Quebec minister sent to each of us on the committee. In that letter, the minister claims that the bill encroaches on areas of provincial jurisdiction. He says that will produce numerous duplications and result in many legal disputes.

We have a responsibility to carefully consider Mr. Paradis' concerns when we examine this bill in committee. I say this, keeping in mind the role of the Senate as a forum for addressing and representing regional views. Thus, the Senate committee is the perfect venue for Mr. Paradis to outline his difficulties with the bill.

Honourable senators, Bill C-13 is a step forward for this country in the area of environmental assessment. There are still some areas of concern in the legislation and I have reviewed these with you today.

On motion of Senator Hébert, debate adjourned.

ADJOURNMENT

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

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding rule 59(1)(h), I move:

> THAT when the Senate adjourns today, it do stand adjourned until Tuesday next, April 7, at 2 o'clock in the afternoon.

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

Hon. Senators: Agreed.

Motion agreed to.

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

EIGHTH REPORT OF COMMITTEE ADOPTED

On the Order:

Resuming the debate on the motion of the Honourable Senator Lavoie-Roux, seconded by the Honourable Senator Chaput-Rolland, for the adoption of the Eighth Report of the Standing Committee on Internal Economy, Budgets and Administration (Special Joint Committee for a Renewed Canada—expenses), presented in the Senate on 19th March 1992.

Hon. C. William Doody: Honourable senators, I was just having an out-of-space discussion on this particular item with Senator Molgat and Senator Stewart, both of whom have expressed some very real concerns and questions on it.

This particular item is the budget for the Special Joint Committee for a Renewed Canada. It is a rather large amount of money. The Senate's share is one-third of this amount. We have to have approval because, obviously, the amounts have to be paid since the last fiscal year closed yesterday. In order to have the authority to pay the amount due out of last year's accounts, we need the concurrence of the Senate.

The amount of money required for the Senate's share of the expenses of this committee has been earmarked in the existing Estimates of the Senate from amounts of money that were previously allocated for other items and then transferred from one place and another to avoid our having to request supplementary supply for this item. Therefore the money is available.

The item was brought to the attention of the Internal Economy Subcommittee on Budgets months ago but, as there was neither sufficient information nor detail, it was postponed for further consideration. Subsequently, the chairmanship of the Senate side of the joint committee changed, and a new set of numbers were put together which were subsequently brought to the attention of the subcommittee. The subcommittee examined them in some detail, had an exhaustive discussion with the Senate chairman and the clerk, and decided to recommend to the Senate that the amount requested be approved on the condition that the final accounting be submitted to the subcommittee and, through the subcommittee, to the Senate, at the earliest possible moment. In other words, as soon as the last accounting is in and the last bills are paid, the amount will be presented to the Senate in detail.

At this time the final figures are not available because the final bills have not been paid. There are bills outstanding for special advisors, constitutional expertise and so on. Some of these people have not yet submitted their final figures. When these numbers are submitted we will be most pleased to make them available to the Senate. On that condition, I would ask that senators approve this request for funding.

The bookkeeping, accounting and detailed payments of accounts for the special joint committees, which are comprised of one-third Senate and two-thirds House of Commons, are done through the House of Commons. We do not have any control to that extent here in the Senate. We receive a request for one-third of the funds that are approved by the accounting department of the House of Commons. Once we have looked at the final accounts and agreed that they are in order, we will make that money available. At this time it is obviously necessary that the Senate participate with the one-third which we agreed to when we set up the joint committee.

With that in mind, I ask for Senate approval of this item.

Hon. John B. Stewart: Before the honourable senator resumes his seat, may I ask him a question. He says that when all the bills have been paide, a final accounting will be given to the Senate. Will that accounting show all the moneys expended by this special joint committee, or will it show only the one-third chargeable to the Senate?

Senator Doody: No, that will show the entire expenditure of the joint committee, one-third of which will be the responsibility of the Senate. The entire account will be presented to us.

Senator Stewart: That is a helpful answer, honourable senators. Today's date is April 1. Now, at the beginning of a new fiscal year, we are being asked to authorize payments for money that has been spent in the previous fiscal year, not for a purpose which suddenly emerged but for a purpose which was anticipated months and months ago.

● (1520)

We are told by Senator Doody that it is necessary that we approve this expenditure. In other words, someone has gone ahead and contracted to make very large payments. After the fact, we are told that it is necessary that the Senate retrospectively authorize the payments. Surely this is most peculiar. What other committee of the Senate would be allowed to behave in this way?

It would be embarrassing to resist the authorization, particularly when it is put so attractively by Senator Doody. It would be a matter of dereliction not to call the attention of the Senate to what is going on here. Very large sums of money have been spent in our name. In the new fiscal year, on April 1st, we are told, "You have no choice, you Conservative senators, you Liberal senators, you independent senators; you have no choice but to pay up the money that we contracted months ago." This is shocking.

If we cannot handle the constitution of a special committee of both houses of Parliament in a more satisfactory way, it is very doubtful that we can ever handle the Constitution of a country at all.

Senator Doody: Honourable senators, I wish to say that the authorization for the funding of the joint committee was made months and months ago when this house and the House of Commons authorized the Senate and the House of Commons to set up a committee to do "thus and so" and to incur expenses and hire staff, or whatever the phraseology of the motion is.

As I attempted to explain, the actual amounts of the expenses incurred were late in coming in. I find it difficult to apologize for that, because I also find it a poor way to do business. I simply say that when one is in a one-third position

[The Hon. the Speaker.]

in an organization, and the other two-thirds runs the show, perhaps the best one can do is as Senator Stewart is doing: Call the matter to the attention of the Houses and ask for a better system to be established.

It is unfortunate that this item went unresolved beyond the end of the year. I find it hard to apologize for that, either, because it is not my motion. I think it would have been far better had we brought this to a head two or three days ago. It would have been much cleaner and neater.

The fact remains that the Senate has committed itself to a one-third participation in that joint committee. Therefore the Senate has an obligation to pay its one-third of the expenses involved. The Senate has undertaken to present, and will table in this chamber, a full accounting of the expenses incurred, not only our third but the entire bill for the proceedings. Beyond that, I do not know where I can go at this point.

Senator Stewart: I do not want to persist too long. Senator Doody says that the Senate has committed itself to paying one-third of the expenses. Suppose the expenses had been $9 million?

Senator Doody: We would have had to declare bankruptcy.

Senator Frith: Or call an election.

Senator Stewart: So you answer my question; the answer is yes.

Senator Doody: There may be some clause under the bankruptcy laws where we could ask for protection; I do not know. I do know that we do not have that kind of money. However, we do have $1.3 million secreted.

Senator Stewart: Thank you for answering my question in the affirmative. If we did not have the money, we would have had to declare bankruptcy—

Senator Doody: That is right.

Senator Stewart: —because it would have been a genuine, eligible claim against this house.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, the exchange we have had has been a valuable one, because it relates to the eternal problem that we have with joint committees. Every time we participate in a joint committee with the House of Commons, the same thing occurs.

Senator Stewart's point is well taken, that we ought to find a different system of doing this. We have no control over the expenses. Once we decide that we will participate in a joint committee with the House of Commons, we just agree to pay. I assume that when we do that, there is an understanding that we can go back for Supplementary Estimates to cover any such expense. However, there is no way that we can forecast it in our budgeting. It is an unfair charge on us in that regard when we have no control over it. Perhaps we should exclude those things from the Senate budget and deal with them entirely separately, and not have them appearing as a regular expense of the Senate. We ought to find some mechanism to do it.

The other point I wish to make is that we should have some say as to how the expenditures are proceeded with. We normally have a joint chairman, but perhaps we ought to have another way of control during the course of the action so that it is not automatically a decision by the House of Commons.

My last point is that, as I recall it in committee, Senator Doody agreed that we would be getting further information. I assume that once we get the final bill in total, we will be allowed to question certain items and get more details. That is my understanding. Whether we do it in committee or here in the chamber, I wish to have that understanding, that we can ask for and receive further details on any of the expenditures.

With that proviso, I am prepared to let the matter proceed.

Hon. Royce Frith (Leader of the Opposition): Honourable senators, our position on these committees is like that of a minority shareholder in a private company. You must put up your money for your shares, you are responsible for the debts of the company, but you have no control whatsoever over its destiny or its decisions.

Former senator and then-Lieutenant Governor of Ontario, John Aird, told me he was always guided by two rules in life: One was to never interfere in the matrimonial affairs of another person; the second was to never take a minority interest in a private company.

Senator Doody: I thank honourable senators for their comments. I would be reluctant to accept the vision of Senator Aird about refusing to take a minority interest. The Senate struggle is to attempt to get the minority interest—

Senator Frith: There is one answer, legally, to that situation.

Senator Doody: Sorry I interrupted, senator.

Senator Frith: I wanted to allow you to continue on that point.

The one answer to taking a minority interest is to have a shareholder's agreement, which I think is exactly what Senator Doody was suggesting earlier.

Senator Doody: That is a perfectly legitimate and reasonable pursuit to be devoutly followed and then hopefully consummated.

Senator Molgat said that I had agreed that we would have an accounting. My memory tells me that we insisted we would have an accounting. Under that proviso, we have recommended to the main committee of Internal Economy that it ask the Senate to approve this budget.

These are an unusual set of circumstances and not very pleasant ones. I am not happy to be in a position of asking that it be approved, but nevertheless it is essential that it be done. The bills must be paid. The Senate does have an obligation in this respect, and an accounting will be presented to the Senate. As I say, I would be most happy to table the final accounts here in the chamber for the consideration of honourable senators.

Along that same line, when we come to the next item we may anticipate, instead of being after the fact, a joint committee budget.

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

Motion agreed to and report adopted.

[*Translation*]

SCRUTINY OF REGULATIONS

CONSIDERATION OF FIFTH REPORT—DEBATE CONCLUDED

Leave having been given to revert to reports of committees:

The Senate proceeded to consideration of the Fifth Report of the Standing Joint Committee for the Scrutiny of Regulations (Public Service Employment Regulations), presented in the Senate on 30th March, 1992.

Hon. Normand Grimard: Honourable senators, I would like to comment briefly on the Fifth Report of the Standing Joint Committee for the Scrutiny of Regulations, concerning the Public Service Employment Regulations.

The report was prepared by the Standing Joint Committee for Scrutiny of Regulations, and its purpose is to protect the rights of appellants in Public Service appeals.

Appeals may be made, for instance, against appointments without competition, appointments by closed competition or against dismissal or demotion.

According to the committee, the regulations fail to ensure that the appeal process is consistent with the basic requirements of fairness and equity. For instance, the committee points to the fact that there is insufficient disclosure of evidence, that documents are not provided before the hearing and that hearing deadlines are too tight.

This is not the first time a committee has intervened in this area, since on May 9, 1988, the Senate adopted an initial report on the subject. However, only four months later, on September 29, 1988, the Public Service Commission rejected the recommendations of the committee in their entirety. The committee then decided to pursue the matter further, and the Chairman of the Public Service Commission subsequently testified before the committee.

Submissions were received by the committee from members of the Public Service Alliance of Canada. The committee also took into consideration a number of submissions provided by interested individuals.

Honourable senators, the report before us today contains seven specific recommendations on the appeal process. I will not read the complete list, but perhaps I may say that we favour full disclosure of the evidence and that we recommend prior disclosure of grounds for dismissal. We preclude the use of unknown documents without first showing them to the appellants. The committee also recommends extending the notice period for hearings to two weeks from the present three days.

The question arises why we need this report in addition to the previous one. The answer is simple: Bill C-26 was tabled in the other place on June 18, 1991. This bill concerns Public Service reform.

[Senator Doody.]

When the bill is voted on, its passage will inevitably lead to the implementation of new regulations, and the committee hopes that the suggestions contained in this Fifth Report will be accepted by the appropriate authorities.

Thank you, honourable senators.

The Hon. the Speaker *pro tempore:* As no other honourable senator wish to participate in the debate, this report is considered debated.

● (1530)

[*English*]

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

NINTH REPORT OF COMMITTEE ADOPTED

On the Order:

> Resuming the debate on the motion of the Honourable Senator Lavoie-Roux, seconded by the Honourable Senator Bolduc, for the adoption of the Ninth Report of the Standing Committee on Internal Economy, Budgets and Administration (Special Joint Committee on Conflict of Interests—subject-matter of Bill C-43—proposed expenditures), presented in the Senate on 19th March 1992.

Hon. C. William Doody: Honourable senators, I should like also to move the adoption of this report. It is the same sort of budget in some respects, but very different in others. It is a very modest budget and involves a great deal less money.

The amounts were made available to the senators when Madam Lavoie-Roux introduced the matter some days ago. The report is timely in that it is within the current fiscal year for which the funds are being asked. This is a committee of which our honourable friend across the way, Senator Stanbury, is the joint chairman. Any questions that honourable senators might have on this particular budget certainly can be answered by Senator Stanbury.

We who are members of the sub-committee and of the main committee are quite satisfied with the amounts of money asked for on the various items, and are quite happy to recommend the budget to the Senate for its approval.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, the same thing applies here to the comments that were made on the other bills. It is another joint committee and we are locked into the situation.

Occasionally, with respect to joint committees we might consider saying that we should be running the operation. We did that some years ago on the Senate Reform Committee, in view of the fact that it was dealing with this chamber. The house agreed. Although they were paying two-thirds, the committee was actually administered by the Senate and it was the Senate staff who handled all of the arrangements, and so on. We should consider that every now and then when we deal with a joint committee.

Hon. John B. Stewart: Honourable senators, when we compare this proposal with the one made in the eighth report of the committee, what stands out most are the bottom lines. In

this case we are being asked to share one-third of $75,000. In the case of the Special Joint Committee for a Renewed Canada, we are asked to provide one-third of $3.9 million. Technically, as Senator Molgat says, the problem is the same, namely, professional services will have been engaged. Obviously they are not as good as the professional services required for the other committee because they will cost a lot less.

Putting aside the question of principle, I am much less disturbed by the ninth report than by the eighth report because in the case of the eighth report we are told that it is necessary for the Senate to come up with $1.316 million, after the fact.

Senator Doody: Senator Stewart is quite right. The amounts of money involved are vastly different. Most Canadians will agree that the definition of the job of the Special Joint Committee on the Renewal of Canada was vaster, more complex and certainly far more important than that of the second committee.

● (1540)

The second committee can quite comfortably sit in Ottawa. It does not have the obligation to travel and gather information or to hire the same kind or amount of expertise as would be necessary for a study of the Constitution of Canada. I was relieved indeed, when I read in the budget of the Special Joint Committee on Conflict of Interests that they were not proposing to go to Australia to examine what might be going on there—or even to the United Kingdom or France. The opportunities were limitless.

That remarkably diligent and frugal committee resisted all these temptations. They agreed to do their work right here in the capital. For that they are to be congratulated. In so doing, I in no way condemn the efforts of the Special Joint Committee for a Renewed Canada.

Senator Frith: They did go to Meech Lake.

Senator Doody: And survived.

Senator Stewart: Honourable senators, the thing that is remarkable is that in the case of the Special Joint Committee for a Renewed Canada well over $1 million was spent for professional and other services. Will Senator Doody undertake to get the documents, the learned papers that were produced as a result of this expenditure? In the case of the other committee, the one on conflict of interests, professional and other services cost a total of about $50,000. It is quite a different situation. I should have thought that for well over $1 million for professional and other services there would be almost an encyclopedia of constitutional wisdom that would be available to be tabled in the Senate.

Senator Doody: Honourable senators, I do not want to carry this on indefinitely, although I am tempted. Certainly, I will try to get the information that the senator has asked for. I agree that there are limitless opportunities for a growth industry here. Perhaps we should try to bring it in and lay it on the Table.

As for comparing the two joint committees with respect to the hiring of experts, I would guess that most of the experts on conflict of interests are readily available at no cost to the committee. They can be called on from their parliamentary positions and asked to comment. So far as I can, I will certainly try to get the information for the honourable senator. For that amount of money I may need help to bring it in, but I will do what I can.

Motion agreed to and report adopted.

FISHERIES

FOREIGN OVERFISHING—DEPLETION OF NORTHERN COD STOCKS—DEBATE CONTINUED

On the Order:

> Resuming the debate on the inquiry of the Honourable Senator Marshall, calling the attention of the Senate to the report of the Standing Senate Committee on Fisheries: The Marketing of Fish in Canada "East Coast Fisheries", dated December 1989; and specifically as it relates to the recommendations applicable to the present state of the fish stocks due to foreign overfishing.—(*Honourable Senator Petten*).

Hon. William J. Petten: Honourable senators, I am sure Canadians from coast to coast have watched with admiration during the past few days as Newfoundlanders set out for the Grand Banks to convince our friends from other nations that they would be wise to stop overfishing. While I know that all Canadians support Newfoundlanders in this effort, I am sure that many Canadians must wonder what it is all about. It is about the future of the Newfoundland fishery. It is about the future of Newfoundland's economy.

Honourable senators, when I was appointed to this chamber I chose as my designation Bonavista. As a youngster I lived in the town of Port Union and in later years represented the Fishermen's Union Trading Company at Port Union. I also represented S.W. Mifflin in Catalina, J.T. Swyers in Bonavista, and other firms in the area. I made many friends and know the people to be hard working, industrious and friendly.

I was shocked when I heard of the closing of the Fishery Products International plant on the border of Catalina-Port Union. This is the largest and most modern plant in Newfoundland and, I believe, in all of Canada. The plant employs a maximum of 1200 workers. These workers come from all over the peninsula. The closing affects some 75 communities to a larger or lesser degree. The areas affected near the plant are the towns of Bonavista, Catalina, Port Union, Melrose, Elliston, Newman's Cove, Knight's Cove, Trinity and Port Rexton. In fact the whole of the peninsula is affected. It is not just the workers at the plant and their families, but the fishermen, the trawler crews, the supermarkets, the gas stations, the convenience stores, the fishery suppliers, et cetera. This closing has the same effect on the area as a large auto plant closure would have in Ontario.

Three years ago our Conservative friend, Senator Jack Marshall, issued a report on the east coast fishery. If only other Conservatives had listened to Senator Marshall and his

wise views we might not now be in the situation we are in today.

I would suggest to honourable senators that there are three main causes of the crisis in the Newfoundland fishery. I will also suggest that there are nine ways in which the government can, today, take action to correct this crisis.

The first cause of the crisis is the mismanagement of the cod stock. Since 1989, when Senator Marshall and his committee issued their report, the Province of Newfoundland has repeatedly pressured the federal government not to set the total allowable catch for cod so high. In 1989 Newfoundland recommended that the catch be set at 125,000 tonnes in order to allow the cod stock to grow back. The federal government ignored this wise recommendation and set the allowable catch at 235,000 tonnes.

In 1990, as the problem worsened, Newfoundland once again pleaded for the total allowable catch to be 125,000 tones, but the government set the catch this time at 190,000 tonnes. In 1991, for the third time, Newfoundland requested that the catch be lowered, this time to 120,000 tonnes. For the third time the national government set the catch too high, at 185,000 tonnes. It is only in the last month that the Minister of Fisheries and Oceans has lowered the allowable catch to 120,000 tonnes, a quota reduction of 35 per cent. Unfortunately, Newfoundland now faces the worst crisis in its cod history of 400 years.

The offshore fishery is closed this spring. Thousands of trawlermen and fish processors are out of work. This happened because the federal government failed to listen to Newfoundlanders and because the federal government ignored serious scientific warnings.

The second cause of the cod crisis is overfishing on the Nose and the Tail of the Grand Banks by foreign fleets. As the boats of Newfoundland fishermen lie idle, 85 or more huge foreign vessels from Europe are catching cod immediately outside Canada's 200-mile zone. Last year these vessels took 47,000 tonnes of cod, despite a moratorium agreed to by the Northwest Atlantic Fisheries Organization. Since 1985 NAFO has imposed a moratorium, but, despite that moratorium, Spanish and Portuguese boats, with the approval of the European Community, continue to ravage the cod stocks.

Senator Corbin: Shame.

Senator Petten: This overfishing puts at risk an important source of food for the world. The actions of the European Community are not threatening just Newfoundland's cod stocks, they are threatening the world's cod stocks. I have heard various cabinet ministers say that they are doing all they can about the issue, but they must know that their efforts to date have not been good enough.

● (1550)

The third cause of the fishery crisis, and this is one for which I do not hold the government accountable, is the rapidly expanding seal population on our east coast.

Honourable senators will know that the situation is tremendously serious but, as I have said, there are nine steps to be taken to correct the problem. First, Canada should exercise custodial management of the stocks on the Grand Banks. As a country with the greatest interest in the environmentally sensitive Nose and Tail of the Grand Bank, Canada must exert fishery management and enforcement measures over those areas. This would not only be in Canada's national interests, but it would uphold the moratorium called for by NAFO. Custodial management of the Grand Banks by Canada would therefore protect the interests of the world.

The second measure that could be taken to help deal with the problem in the fisheries would be for the federal government to give serious consideration to Newfoundland's proposal for joint federal-provincial management of the fishery off Newfoundland's coast. Honourable senators should understand that this proposal is a major compromise of Newfoundland's traditional position. In his meeting with the Prime Minister on March 3, Premier Wells stated that Newfoundland was no longer calling for total provincial jurisdiction. The Premier believes that, by working together, the Government of Canada and the Government of Newfoundland can develop the steps necessary to deal with foreign overfishing and to help our fish stocks recover.

I know that many politicians at the federal level have expressed concern in the past about allowing Newfoundland a say in management of the fishery. I would like to point out that Newfoundland needs a say since the fishery is the mainstay of my province's economic livelihood. Newfoundland has demonstrated a responsible attitude by consistently calling for lower cod quotas and by consistently calling for more stock rebuilding and conservation measures.

The third step to overcome the problem in the fishery is an expanded seal harvest. We all know that culling the seal population causes some international opposition, but we now have humane techniques for harvesting seals. The truth is that a new seal harvest is a responsible and prudent response to a major problem. I hope that our European friends will understand that if we do not control our seal population successfully, we will lose our fish stocks completely.

The obvious need to expand our seal harvest leads me to the fourth measure that we need to take. Canada needs a strong information campaign to explain to the world the very serious problems occurring on the Grand Banks. Canada must take steps to raise the world's awareness of the environmental disaster being caused by overfishing. For its part, Newfoundland has already started such a campaign, to raise the awareness of Canadians with respect to the problem.

On March 17, Premier Wells addressed the Globe 92 Oceans Forum in Vancouver. He was in Halifax on March 24, where he addressed the Chamber of Commerce. Today the Premier is at the United Nations, where he will try to win world support against overfishing by Spain and Portugal on the Grand Banks. He will make his case to the final negotiating session for the Earth Summit.

The premier will also have talks today with the ambassadors and senior representatives of Spain, Portugal and the Euro-

pean Community. Last week, Newfoundland fishermen met at the United Nations with people from other countries concerned with overfishing. The federal government must back up the efforts of the province, the union and the seafood companies.

In considering the future of the fishery, the fifth step we need to take involves long-term income stabilization. In this regard, I welcomed the announcement last week by the Minister of Fisheries and Oceans of the establishment of a task force to look at the long-term income of people who have suffered because of the poor Atlantic fishery. I sincerely hope that this will not just be another government study but will result in concrete measures. For those who might wonder why the government should concern itself with the long-term income of fishermen, I would ask them to consider that it is not innocent fishermen who can be blamed for foreign overfishing or wrong government decisions on fish quotas.

The sixth step flows directly from the fifth. In addition to a long-term program, Newfoundlanders need immediate short-term aid. We need to provide specific measures for families affected by the current situation. We all know that federal government funds are hard to come by, but I repeat that the cod crisis in Newfoundland is the worst in 400 years, and came about through no fault of Newfoundland fishermen.

The seventh, eight and ninth steps we need to take all deal with looking to the future so that we are prepared to do our best once the fish stocks recover. These three measures can be summarized in three words: infrastructure, research and marketing. We must maintain the infrastructure so that we will be in a position to benefit once the fishery is in a healthier position. We need more research to avoid repetition of the current crisis. We need more marketing skills to ensure that the future fishery is market sensitive with an emphasis on quality, secondary processing and good marketing arrangements.

Honourable senators, I thank you for your indulgence in allowing me to set out in detail the problems and some possible solutions for Newfoundland's fishery. I know that you have exercised patience because you understand how important the fishery is to my province of Newfoundland and Labrador.

As Premier Wells said to Newfoundlanders in his speech in the House of Assembly on March 5: "The future of this province, for as far as anybody alive can foresee in the future, will be substantially dependent on what we do with the fishery."

Honourable senators, that is why this debate is so important and that is why I would urge my friends in government to take steps to deal with the current problems and to ensure a prosperous fishery in the future.

Hon. Gerald R. Ottenheimer: Honourable senators, I would like to speak briefly with respect to the remarks of the honourable senator from Bonavista. Only a senator who has a surname similar to that of another senator is designated by a geographic area in his or her province, and sometimes I think that is unfortunate. "The senator from Bonavista" sounds very good and gives immediacy and concreteness to a person's liaison which otherwise one might not have.

Therefore, following the senator from Bonavista's reference, I would like to say that when I came to Ottawa I was asked if I would like to have a designation, it being recognized as highly unlikely that there would be many other Ottenheimers here. However, I did in fact take one and it is Waterford-Trinity.

● (1600)

Of course Trinity, as the senator from Bonavista knows, is a bay in a community adjacent to Bonavista, which is also a community and a bay. Indeed, the factory that he referred to as closing up in Catalina is in fact situated in Trinity Bay in the communities he referred to. Hundreds of people will be losing their jobs in our communities of both Trinity and Bonavista Bay. This whole area is economically as one. Indeed, the area is called the Bonavista peninsula, with Bonavista Bay on one side and Trinity Bay on the other side. However, I certainly agree with everything that my honourable friend has said.

There is something that probably many senators realize but that is not generally realized across the country, and that is that the very fibre of Newfoundland society is threatened. It is not only that the province with the highest unemployment in Canada will have even more unemployment; it is not only that the province where the standard of living is approximately 52 per cent of that of the national average will be under further economic pressure: It is that the very raison d'être of Newfoundland, and that includes Labrador, is under threat.

Newfoundland was first colonized for no other reason than to prosecute the fishery. Although there are other economic activities there today, it is still the fishery which is the economic and social backbone of the province. It is even more than that. It is almost the psychological frame of reference which unifies the people of Newfoundland and Labrador. It is amazing that even in those parts of the province that have other industries, such as Grand Falls, Stephenville and Cornerbrook, there is still a very high level of interest in the fishery and I think a recognition that it is the coastal communities—what we call the outports—which constitute the fabric of Newfoundland life. In that, we probably share many characteristics with certain parts of the other Atlantic provinces.

The reasons for this situation have been indicated by the senator from Bonavista. There is the foreign over-fishing. There is also the consumption of fish by the seal population, and this, I thinke, is very difficult to quantify. It is a factor, but how great I do not know. I think we have to recognize as well that our own efforts as Canadians are a contributing factor.

A lot of this is perhaps hindsight, but many honourable senators will remember after the proclamation of the 200-mile limit it appeared as if there was a great bonanza of wealth for the coastal provinces of Canada. Now it is recognized that without care, without conservation, without being conscious of environmental imperatives, the resources of the sea are under

serious threat. I think we have to realize that obviously a very serious element is over-fishing, but in order that we do not become too complacent or pharisaical, we also are to blame for certain short-sightedness in the past.

In Newfoundland in recent years there has been a tension—I am not sure if you would call it a conflict, but certainly a tension, certainly opposing views—with respect to the value, the wealth, and the importance of the offshore fishing effort vis-a-vis the inshore. For a number of years the plight of the inshore fishermen has been more and more threatened by foreign overfishing, yes, but to a certain extent as well by increased offshore activity of Canadian vessels.

With respect to offshore fishing, I think our own Canadian government's quota system with respect to the domestic effort recognized the importance of conservation and limiting the exploitation of the resource. The continuing problem is just outside the 200-mile limit; what is called the Nose and Tail of the Grand Bank.

What is quite anomalous here is that whereas international law in terms of fishery only recognizes the coastal state's jurisdiction up to the 200-mile limit, international law recognizes the jurisdiction of a coastal state with respect to the hydrocarbon resources of the Continental Shelf, irrespective of where that shelf stops. That also applies to living sedentary species. The Grand Bank's Continental Shelf extends beyond 200 miles. It certainly is an anomaly that the coastal state may exercise, according to agreed-upon international law, jurisdiction for nonrenewable resources to the extent of the Continental Shelf, and yet for a resource renewable and mobile—technically they are called the straddling stocks—the coastal state, so far, has not been recognized as legitimately exercising jurisdiction.

I compliment the present government of Newfoundland, Premier Wells and those who worked with him, on the document which I recently received with respect to that government's position and their development of a philosophy that Canada should exert a custodial jurisdiction with respect to the renewable resources beyond 200 miles to the limit of the Continental Shelf. They are the straddling stocks. Certainly, it will be important, I think, for Canada to push this concept at the meetings in Brazil in June with respect to the environment. NAFO, the North Atlantic Fisheries Organization, has proven to be an ineffectual instrument. Its decisions are not enforceable.

Historically, going back a number of years, it was the Soviet Union, the East Bloc countries and Cuba, which traditionally sided with Canada with respect to limitations on the foreign fishing effort, and it was the west European countries which voted against these limitations. Of course, today it is largely, although not exclusively, certain West European countries, and to a very large extent Spain and Portugal.

The situation is very complex. Those two countries have traditionally fished on the Newfoundland Grand Banks, but of course they fished with the traditional technology of going there in vessels and fishing with hand lines. That went on for centuries. I suppose what has happened is that our sense of responsibility toward our environment and toward future generations has not kept pace with the developments of technology. The human factor has lagged behind the technological one. If one thinks of the implications of that with respect to the fishery, and indeed with respect to other areas of human activity, then the consequences can be frightening, as indeed they are in the fishery.

[Senator Ottenheimer.]

● (1610)

Certainly, the people of Newfoundland, and I would think those of the other coastal provinces, count upon the Government of Canada to make as strong a case as possible bilaterally with western Europe, and in particular with Spain, Portugal and other countries that are overfishing. They are also counting upon the government to make a strong case in the world forum which will be provided in Brazil and, hopefully, on a continuing basis in the United Nations.

As much as these resources are the very substance of a Newfoundland way of life, they also represent an important and renewable source of protein food for the world community. Indeed, it is this aspect which can be subsumed into a custodial responsibility which Canada can exercise.

In the final analysise, I think it will be necessary—and I think it has happened already—that we impose the restraints on ourselves. In fact, Canada has imposed restraints on the offshore Canadian fishing effort. There are those who argue that it came too late, but that is a historical argument—it has been done. This gives Canada the moral weight to continue its efforts of persuasion with respect to foreign countries.

Surely, it should be possible with an entity such as the common market, a group of countries with which we share many political institutions, ways of life and values, to come to some accommodation. It was upsetting to see that, recently, Germany has become involved in fishing beyond the 200-mile limit. This is something which has been done by Spain and Portugal for a number of years, and it is inexcusable on their part. However, in the case of Germany, which does not have any historic activities in the area, and which is not in the same position economically as Spain or Portugal, it is even more opprobrious.

Hopefully, therefore, the Government of Canada, the editorial opinion and Canadian public opinion will be a meaningful representation in Canada's efforts to stop the overfishing, and to obtain recognition for a custodial jurisdiction, which is an exercise of an international jurisdiction; not just a national one. Hopefully, our friends in the common market with whom we have so many political, economic and historic ties, can be convinced in this regard. While it is absolutely inimical to eastern Canada's interests, it is not in the best interests of the world community which needs, and may need to an even greater extent in the future, the renewable source of protein.

Hon. Senators: Hear, hear.

Hon. John B. Stewart: Honourable senators, we have just heard two very helpful and wise interventions on the subject of the crisis confronting the North Atlantic fishery.

I have a special interest in this matter because, as a senator from Antigonish-Guysborough, I represent several fishing communities. One of them is Canso. I am told that Canso is probably the oldest settled fishing community in North America. I am also told that it has the distinction of being the first place in North America where taxes were collected regularly—something which was done by the Spaniards in the early 16th Century. Governments always remain the same. The Spaniards devised a technique by which to impose taxes on drying fish in Canso.

There are other fishing communities as well. There is Port Bickerton and Bickerton West. All these places, and others in Guysborough County, depend upon the health of the North Atlantic fish stocks. That may help explain why, on February 27 of this year, I quoted in this house an editorial from the *Globe and Mail*. At that time I quoted the following sentence:

> The government dismissed Mr. Harris as a "purist" who did not understand the socio-economic problems of the fishery.

Further down in the debate I quoted again from the editorial wherein the Honourable Bernard Valcourt was quoted as having said the following concerning the quotas of fish to be caught:

> These levels will allow the stocks to regenerate, not fast enough for the purists perhaps, but sufficient to ensure that massive social and economic dislocation and hardship is prevented.

That was the position of the then Minister of Fisheries.

As a result of the question I asked on that day, the Leader of the Government in the Senate had an answer prepared. I think it is important that I should call to the attention of honourable senators the final paragraph of that reply. It appears in the *Debates of the Senate* for March 18, 1992, at pages 1081 and 1082. It is a thoughtful paragraph:

> There is a tendency to forget that the marine environment is not static, but changes over time. In that respect, the marine environment is no different from that of the land where droughts, floods, or other environmentally-induced disasters are known to occur. Droughts and floods are difficult to refute as the cause of hardship because they themselves, as well as their impacts, are so visible to us. Changes and disasters in the marine environment are more difficult to demonstrate as they are only detected through their impact on fisheries, which can themselves be affected by other factors (e.g., overfishing). This leads us to 1991, when it seems that unusual environmental changes occurred. In fact, the lack of capelin and the decline in the availability of cod in 1991 coincide with the occurrence of unusual environmental conditions off Labrador and Newfoundland. For both capelin and cod, the catch levels cannot by themselves explain the sudden changes in abundance and distribution. In sum, both cod and capelin are part of an ecosystem that seems to have changed in 1991 as a result of large scale changes in environmental conditions. As well, it seems clear that the growth seal herds in recent years has placed considerable additional pressure on capelin stocks, and possibly through them, or directly, on cod.

• (1620)

I wanted to bring that paragraph to the attention of the house to remind us that, after we have taken into account all the measurable factors, the in-shore catch, the off-shore catch, and the catch taken by foreign fleets, which may be hard to gauge, there remains the matter of the environmental ecosystem.

We have tended over the years to assume that providence would assure that there would be fish from year to year, and indeed from generation to generation. We talk of fish as a renewable resource, but the present situation drives home to us that we cannot leave everything to providence, particularly when we are engaging in all these artificial interventions in the ecosystem. It drives home to us that we really do not know very much about the life cycle of a cod fish. That was made clear to our Standing Committee on Fisheries three years ago.

It is highly desirable that we know more about the effects of environmental circumstances on these important natural resources—important to the people of Newfoundland, important to the people of Nova Scotia, important, indeed, to the people around the world. I am happy that the Committee on Fisheries under the chairmanship of Senator Rossiter has been activated, because it is long past the time when that committee should have been making an effort to encourage research, which to some extent is already under way, into the life cycle of our fishery resources and into the more intangible factors which bear upon the reproduction and growth of those resources.

In conclusion, I again want to congratulate Senator Petten and Senator Ottenheimer for very thoughtful and helpful addresses.

On the motion of Senator Molgat, for Senator Thériault, debate adjourned.

SOCIAL AFFAIRS, SCIENCE AND TECHNOLOGY

MOTION TO AUTHORIZE COMMITTEE TO STUDY NFB FILM PRESENTATION—DEBATE CONTINUED

On the Order:

> Resuming the debate on the motion of the Honourable Senator Marshall, seconded by the Honourable Senator Tremblay:
>
> That the Standing Senate Committee on Social Affairs, Science and Technology be authorized to examine the contents of the CBC/NFB series "The Valour and the Horror" and report upon the said production to determine the authenticity of the three part series viz *Savage Christmas: Hong Kong 1941*; *Death by Moonlight: Bomber Command*; and *In Desperate Battle: Normandy*

1944, due to the mounting unfavourable reaction of the said production.—(*Honourable Senator Molgat*).

Hon. Richard J. Doyle: Honourable senators, I am indebted to Senator Molgat for letting me enter the debate at this stage.

Honourable senators who have seen "The Valour and the Horror", that three-part film series produced by the National Film Board and the Canadian Broadcasting Corporation, will recall the segment called "Death by Moonlight". That is the part where we are shown how the bloodlust of one man in the Second World War drove Canadian airmen into a fury of unnecessarily bloody raids on the great cities of Germany.

In pursuit of the folly of Air Marshall Sir Arthur Harris, we are taken back by archival film to scenes of airborne victory that sustained the morale of the free world through long years of war. But we are told now that much of what we thought was triumph was terror.

In the end, we are taken with two embarrassed Canadian veterans to modern-day Hamburg to meet women who survived the firebombing of their city in July of 1943. "They have lived," says the narrator, "with the sense of incalculable loss."

> Woman: So, what do you feel now?
>
> Veteran: We were sent over to do a job and we were fighting Hitler, not the people of Germany.
>
> Woman: Sure.
>
> Veteran: I was 20 years old.

The narrator takes the veterans to a reunion on the Rhine of aging German fighter pilots. Says the narrator:

> After Germany was finally defeated, many began to have second thoughts about the allied bombing campaign, including some of the allied airmen themselves ... The Canadians are meeting some of the fighter pilots they fought against. Fifty years ago, they would have killed each other on sight. Now they toast the comradeship that can only be understood by veterans of the air war. The German victims of Bomber Command are estimated at 593,000, most of them women and children.

That is what the narrator says. A young Canadian airman appears. He is played in the film by an actor speaking, we are told, words from letters, diaries and interviews.

> Actor: We must have killed a lot of people with those big bombs we had there. It hurt me because I think we have no right to kill those people. I did 35 missions. When I came back home, my nervous system was shot. At night it was a scene from hell, nightmares. I broke two teeth of my wife. Finally I had to sleep alone on the floor. As for my crew, one is a drunk, one is on drugs, and the third one got heavy shrapnel within his inner regions and will have a colostomy all his life. Another one fell from a turret ladder and shattered his back, and the last one got both legs shot off.

And what became of Air Marshall Harris in all this muck?

The narrator explains:

> Because of area bombing, Harris was shunned after the war. He died bitter but unrepentant in 1984.

[Senator Stewart.]

Honourable senators, you will recall that Senator Marshall notified us of his intention to have the Standing Committee on Social Affairs, through its subcommittee on Veterans Affairs, look into the circumstances involved in this production for the CBC and the NFB.

My interest in this business relates only to that *Death by Moonlight* episode of "The Valour and the Horror" which has aroused such a storm of criticism among veterans of the Royal Air Force Bomber Command.

● (1630)

Like many of my old comrades, I am offended that such a piece of distortion and despair should be lumped into a solemnly intoned dedication to the 46,000 Canadians who died in the Second World War.

I would hope that Senator Marshall, whose energy and earnestness in these matters is respected, would agree with me that "The Valour and the Horror" should not be banned or withdrawn. I have argued too long and too loud against censorship to turn to advocacy of silence at this stage. What I would look for in the study which is about to begin is some explanation of how such a concentrated package of negativism can make its way to public viewing under the imprimatur of two experienced national agencies. Producers should have freedom and, indeed, encouragement to make fictional and nonfictional works according to their own standards. But, "docudramas" that speak from narrow points of view are often mistaken for "the real story". Government-financed agencies should not have freedom to screen them without disclaimers or accommodation of any kind for other approaches to the truth.

The problem with the urge to say "thou shalt not" to either institution in any circumstances is that it inevitably raises arguments about censorship and begs the question whether a government in a country well beyond its pioneering should be involved even in arm's length ownership of institutions capable of shaping historical perspectives in ways that do not answer to any code or discipline imposed beyond that of their own appointed managers.

This film sets up a picture of innocent, naive Canadian boys going unwittingly to their deaths to satisfy the battle lust of a malevolent master.

In the Canadian Encyclopedia a half page, among 2090 pages, is given over to the Second World War exploits of the Royal Canadian Air Force. It is perhaps fitting, in a peaceable kingdom, that the comments pronounce on neither the valour nor the horror experienced in nearly six years of exhilaration and agony. The score card is there, however. Seventeen thousand fatal casualties occurred. Nearly 10,000 of these Canadian lives were lost in the RAF Bomber Command.

Laszlo Buhasz, in his review of "The Valour and The Horror" series for the *Globe and Mail*, says that the film:

> —turns over the rock of propaganda and probes about in the writhing slime of political expediency, incompetent leadership, a degree of British complacency and condescension toward both the enemy and their own colonial troops that reeks of a failing empire and its defunct values

and the most horrendous of cruelties men are capable of inflicting on each other. If there are two overwhelming emotions provoked in this series, they are anger and disgust.

Well, that is how Buhasz saw it. He speaks of propaganda. As the war progressed, propaganda was hardly able to imitate the horror of the truth, which many of us who were involved refused to believe when it was revealed to us. Only by dwelling on that fact will we be able to examine honestly what Mr. Buhasz calls "the most horrendous of cruelties" revealed by "The Valour and The Horror".

On May 13, 1943, the Allied Chiefs of Staff met in Washington D.C. to announce the beginning of Operation Pointblank. Its aim was "the progressive destruction and dislocation of the German military and economic system and the undermining of the morale of the German people to a point where their capacity for armed resistance is fatally weakened and to permit initiation of final, combined operations on the continent." That policy was accepted, indeed hailed, in London and Ottawa, as well as in Washington.

In this undertaking American airmen, exploiting their country's technological advances in bomb aiming, would concentrate on daylight precision attacks on aircraft factories and the like. Bomber Command in the RAF would set about nighttime raids upon the vast production concentrations in the Ruhr and cities such as Hamburg in which 2000 industrial targets had been pinpointed among the docks and nesting places for marauding submarines.

The rhetoric of May 13, 1943, was bold when measured against the allied capacity to deliver. Consider, with the help of Martin Gilbert and his history of the Second World War published by Stoddart in 1989, the justification for such a message in the historical context of the spring of 1943.

On the very day that Operation Pointblank was launched, Dr. Josef Goebbels wrote in his German diary that in the latest action against partisans in Croatia "more than 13,000 rebels were killed—among them many intellectuals." On May 16, the Germans launched Operation Gypsy Baron near the eastern front, a three-week anti-partisan sweep involving five infantry divisions, one armoured division and supporting aircraft. Of the 6,000 partisans in the area, 1,584 were killed and a further 1,568 were captured in the Bryansk area.

That same day, May 16, SS Brigadier Jurgen Stroop reported to the Fuhrer: "The Warsaw ghetto is no longer in existence."

● (1640)

The Jewish revolt which had begun on April 18 had ended that evening, Stroop wrote, "by blowing up the Warsaw synagogue." As well as the 14,000 Jews killed in the fighting or sent to their deaths at Treblinka, a further 42,000 were sent to labour camps in the Lublin district. Stroop was awarded the Iron Cross, First Class. Where, if these facts are recited in the film, would Mr. Buhasz direct his anger and his disgust?

The RAF was not idle. On May 13, bombers attacked the Skoda Munition Works near Pilsen. Then, on May 16, came Operation Chastise in which Wing Commander Guy Gibson led his famous skip bombers against the Mohne, Eder and Sorpe dams. Two of the three dams were breached, but six bombers were shot down over the Dutch coast and two more over target. Goebbels said the damage was heavy and the Fuhrer was angry. 1,268 people were killed; Germany was forced to move 50,000 labourers to the Ruhr from the Todt Organization forces working at and near the rocket launching sites of the Atlantic Wall.

Martin Gilbert writes:

> Anti-aircraft guns needed elsewhere were brought to protect dams not only in the Ruhr but elsewhere throughout Germany, although none were needed.

Said Goebbels:

> The Fuhrer is exceedingly impatient about the lack of preparation on the part of our air force.

Yet, the narrator of the "The Valour and the Horror" says the principal product of this costly dambusting was a jolt for RAF public relations. Says the narrator:

> Precision bombing did not really interest the Bomber Command . . . Killing civilians did not bother Arthur Harris.

In Volume III of "Royal Air Force 1939-45", Hilary St. George Saunders writes:

> It was the Air Force that for years went out night after night over the sullen realm of Germany to conduct the only offensive within our power.

Saunders repeatedly reminds us that:

> . . . first, foremost and beyond all was the establishment of dominion in the air over the enemy. Not until this had become an accomplished fact was victory certain; not until it had become a commonplace was victory secured.

And what does Saunders say about Harris? He calls him "this resolute chief of Bomber Command". He says in 1954 that Harris:

> . . . is a figure round whom the winds of contention still play. He was as fixed as the proverbial rock. His allotted task was among the most vital of the war and he accomplished it to the full. If some of the consequences appear odious in the eyes of those who cherish sentimental illusions concerning war, the tenacity and skill with which he carried out his orders cannot be challenged. He saw his duty plain and fulfilled it.

There is no quarrelling with history's record of a commander zealous and jealous in the carrying out of his own terrible mission to hasten the end of a long, long war. If he was not a nice man, Montgomery and Patton and Crerar and McNaughton were not nice men either.

To reduce Harris to caricature; to have an actor—even a "superb actor", as one critic called him—stand by the Union Jack and read the most familiar Harris quotations as if they had come from Edgar Allen Poe, offends those who new Harris.

Toward the end of the *Death by Moonlight* episode, the narrator tells us that pilots in Bomber Command were treated at the end of the war as "an embarrassment". He says:

> They had been ordered into the skies over Germany to bomb cities and then they were blamed for the civilian deaths that resulted."

In his 1985 "Military History of Canada", W.L. Morton laments:

> The value of the Bomber Command offensive is still hotly debated . . . The Canadian toll in Bomber Command was greater than the death toll of the Canadian Army as it fought from Normandy to the Hochwald Forest. It is too painful to admit that 9,980 young Canadians died to very little purpose.

Still, Morton acknowledges successes. He writes of Air Vice Marshall C.M. McEwen's command of Six Group—the nexus for all Canadians who served in the Command:

> By the end of 1944 (it) boasted the highest accuracy and the fewest casualties of any group.

It had turned its reputation around.

In his vivid summing up, Hilary Saunders says this:

> Lancasters bent on raiding the Ruhr depended on oil tankers reaching Liverpool; and, less immediately, but just as surely, oil tankers bent on reaching Liverpool depended on Lancasters raiding the Ruhr. In modern warfare, such relationships are intricate, subtle and ubiquitous.

Unfortunately, the CBC and the NFB have left the whole scope of interdependence beyond their magnifying glass. Did they fear that credit would be taken from victorious armies if they acknowledged that they would never have been able to leap from their landing craft had German forces and production centres been left to do no worse without interruption, or had the 2 million Germans diverted to anti-aircraft service been fresh and available on either the Eastern or Western fronts, or guarding of flying bomb launching sites? In the first two months of 1945, the rockets killed 2,000 Londoners.

In its final moments, this episode of "The Valour and the Horror" finds valour only on one side. The actor who plays Freeman Dyson, a scientist and, as the narrator calls him, a brilliant analyst of the bombing campaign, speaks of his admiration for the enemy—the Luftwaffe. The actor says:

> The night fighters and their supporting organizations (in the closing stages of the war) put up an astonishing performance, continuing to fight and cause us serious losses until their last airfield was overrun and Hitler's Germany ceased to exist.
>
> They had the advantage of knowing what they were fighting for . . . We had given them, at the end of the war, the one thing they lacked at the beginning, a clean cause to fight for.

● (1650)

Says the narrator:

[Senator Doyle.]

> A lot of German fighter pilots still have mixed feelings about the task performed by their adversaries in Bomber Command.

On March 16, 1945, Goebbels described the "astonishing performance" of his countrymen as he saw it. This is a quote from Mr. Goebbels. He states:

> German defence capability in the air has been promised so often and this promise has been broken so often that one would prefer to see some results before considering the promise a real one . . . We are continually coming across fresh subterfuges to avoid the combing-out process by the Staff for Total War . . . We shall have to use fairly rough and ready methods if we are to succeed. The leader in this passive resistance is the Luftwaffe . . . The German people are degenerating almost into hopelessness. There is a very sharp criticism of the Luftwaffe.

In matters of war and peace there will never be easy agreement between victor and vanquished. Even between factions of those who win, overviews differ wildly and are made more worrisome as the concerns of generations are layered upon the history of the time. Scrupulous respect should be shown for the records and recollections of all.

Parliament must not leave *Death by Moonlight* alone in the vaults where films are kept, lest, a generation on, it is screened again and there is no one to deny that it is what it claims to be—a fit tribute to the thousands who lost their lives in the terrible war of 1939 to 1945.

How that might be avoided may be indicated in the study advocated by Senator Marshall.

Some Hon. Senators: Hear, hear!

The Hon. the Speaker: Honourable senators, it was moved by the Honourable Senator Marshall, seconded by the Honourable Senator Tremblay:

> That the Standing Senate Committee on Social Affairs, Science and Technology be authorized to examine the contents of the CBC/NFB series "The Valour and the Horror" and report upon—-

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, I was quite in agreement with Senator Doyle's speaking on this motion, but I was under the impression that it would remain in my name until Senator Marshall had the chance to be here. I have had a brief discussion with him and I should like it left in my name until he is present.

The Hon. the Speaker: You are adjourning the debate, then, Senator Molgat?

Senator Molgat: Yes. I thought it would remain in my name.

On motion of senator Molgat, debate adjourned.

BUSINESS OF THE SENATE

Hon. Lowell Murray (Leader of the Government): Honourable senators, I have been led to believe that there would be

general agreement that the remaining Inquiries, Motions, and so on, stand.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): That is my understanding also, but again with no change in numbers, I presume.

Senator Murray: That is the practice as I understand it, honourable senators. That being the case, and hearing no dissent, I therefore move that the Senate adjourn.

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

Hon. Senators: Agreed.

The Senate adjourned until Tuesday, April 7, 1992, at 2 p.m.

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THE SENATE

Tuesday, April 7, 1992

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

Prayers.

SENATORS' STATEMENTS

GENERAL ELECTION

NUMBER OF DAYS LEFT IN CURRENT TERM

Hon. Royce Frith (Leader of the Opposition): Honourable senators, those of Senator Murray's colleagues who are democrats will be calling an election, or asking for one, within 228 days. The ones who are cowardly and contemptuous of democracy will be doing so in 614 days.

VETERANS AFFAIRS

CBC MINI-SERIES "THE VALOUR AND THE HORROR"

Hon. Jack Marshall: Honourable senators, with reference to the three-part mini-series by the CBC, "The Valour and the Horror", I have extracts from three letters.

The first reads:

> . . . first episode . . . dwells on the horrific suffering of the Canadian prisoners of war following their defeat . . . second episode . . . laid considerable emphasis on the horror caused by the bombing of Hamburg, Berlin and other cities. Two airforce veterans interviewed . . . were put in a position of almost personally having to apologize for their . . . bombing missions. No mention was made of the heavy raids by Germany on London, Coventry or Portsmouth when the Luftwaffe tried to hammer Britain into rubble . . . final episode dealt with the Canadians in the Normandy campaign . . . an excellent example of selecting historical facts and using them to "prove" a preconceived bias . . .

The second letter reads in part:

> . . . real horror is that the CBC and NFB, with our tax money, produced that pack of lies and anti-Canadian, anti-British and pro-Nazi propaganda in the first place. I landed on the beaches in Normandy . . . we did not have drunken, bumbling idiots commanding us . . . failed to explain the overall strategic plan of the Normandy Battle . . . The Nazis of the SS units were killers, trained since youth. We were, for the most part, just young Canadians who valued our way of life and our home enough to fight . . .

A third letters reads in part:

> . . . astounded by the narrowness of the scope of the presentations . . .
>
> . . . the heroic actions and the willingness to defend freedom displayed by Canadians and others in the First and Second World Wars should not be denigrated by those who seem to have scant knowledge of the facts and are only interested in twisting them to make a case for their anti-war philosophy . . .

May I conclude by congratulating Senator Doyle on his presentation the other day. I am sorry I was not here, but I read it with interest.

Hon. Philippe Deane Gigantès: Honourable senators, we had similar discussions when the Billy Bishop film was referred to the Senate Veterns Affairs sub-committee. I would like to repeat what I said then, which is that I do not think the Senate of this country is a board of censors. I would urge that we stay out of this matter.

Senator Marshall: I think I should respond to Senator Gigantès, if it is permissible.

The Hon. the Speaker: Senator Marshall, the rules forbid that, unless you get leave. Is leave granted?

Hon. Senators: Agreed.

Senator Marshall: I just want to say that we are not trying to act as censors. However, I am sure anyone would agree that objecting to the denigration of the Canadian forces and any of the Allied forces is not censorship, it is telling the truth. Senator Gigantès is a protector of national unity. How can we have national unity when the CBC, despite its duty to Canada, at will and with the taxpayers' money, tells the Canadian forces in no uncertain terms that they were no good and that their generals were responsible for the loss of hundreds of Canadian lives. That is shameful. It is certainly not the Canadian way. Is that what Canada is all about?

I want to say to Senator Gigantès that last Sunday there was a parade in front of the War Memorial with the Prime Minister and the Governor General of Canada present. They paid respect to those who fought at Vimy Ridge in 1917. The day before the parade, one part of the series of films on "The Valour and the Horror" aired on the CBC. It showed the film on Normandy and told the people of Canada that, while the Canadian soldiers of the First World War forged a nation at Vimy, those who fought on the beaches were no good and were untrained, and some of our leaders were drunks.

Is that what the honourable senator means by his comments about censorship, or should we not be telling the truth?

Senator Gigantès: Honourable senators, I spoke earlier for only 10 seconds. I will now take the rest of my three minutes.

What that series has said about "Bomber" Harris is very close to the truth. I was there. I was among those who were there. There are few of us.

Senator Marshall: I was there too.

Senator Gigantès: Bomber Harris was somebody who held the same view as Haig held in the First World War, which is that the winning army is the one which has one soldier standing when the opponents do not have one.

Yes, there were mistakes, many mistakes on both sides. That does not mean we do not respect our fighting people when we say that mistakes were made. How can we ascertain if there were mistakes, and how can we learn from those mistakes, if we do not talk about them?

TRANSPORT AND COMMUNICATIONS

SEVENTH REPORT OF COMMITTEE PRESENTED

Hon. Finlay MacDonald, Chairman of the Standing Senate Committee on Transport and Communications, presented the following report:

Tuesday, April 7, 1992

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

SEVENTH REPORT

Your Committee, which was authorized by the Senate on Wednesday, December 11, 1991 to inquire into the decision of Canadian National Railways to sell the main railway line between Truro and Sydney, Nova Scotia, respectfully requests that the date of presenting its final report be extended from April 14, 1992 to no later than June 23, 1992.

Respectfully submitted,

FINLAY MACDONALD
Chairman

The Hon. the Speaker: When shall this report be taken into consideration?

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

[*Translation*]

BORROWING AUTHORITY BILL, 1992-93

REPORT OF COMMITTEE

Hon. Fernand Leblanc (Saurel), had the honour to present the following report:

Tuesday, April 7, 1992

The Standing Senate Committee on National Finance has the honour to present its

NINTH REPORT

Your Committee, to which was referred Bill C-61, an Act to provide borrowing authority for the fiscal year commencing on April 1, 1992, has, in obedience to the Order of Reference of Wednesday, April 1, 1992, examined the said bill and now reports the same without amendment.

Respectfully submitted,

FERNAND-E. LEBLANC
Chairman

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

On motion of Senator Doody, bill placed on the Orders of the Day for third reading at the next sitting of the Senate.

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

ELEVENTH REPORT OF COMMITTEE PRESENTED

Hon. Thérèse Lavoie-Roux had the honour to present the following report:

Tuesday, April 7, 1992

The Standing Committee on Internal Economy, Budgets and Administration has the honour to present its

ELEVENTH REPORT

Your Committee has examined and approved the supplementary budget presented to it by the Chairman of the Standing Senate Committee on National Finance, for the proposed expenditures of the said Committee to engage the services of such counsel and technical, clerical, and other personnel as may be necessary for the purpose of its examination and consideration of such bills, subject-matter of bills, and estimates as are referred to it. The said supplementary budget is as follows:

Professional and Other Services	$123,850.00
Transportation and Communications	500.00
Other expenditures	850.00
TOTAL	$125,200.00

Respectfully submitted,

THÉRÈSE LAVOIE-ROUX
Chairman

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

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

TWELFTH REPORT OF COMMITTEE PRESENTED

Tuesday, April 7, 1992

The Standing Committee on Internal Economy, Budgets and Administration has the honour to present its

TWELFTH REPORT

Your Committee has examined and approved the supplementary budget presented to it by the Standing Senate Committee on Transportation and Communications for the projected expenses of the said committee to retain the services of legal advisors, technical and office staff and other persons required to review the bills, contents of bills and budget estimates referred to it. The said supplementary budget is as follows:

Professional and other services	$39,100.00
Transportation and communication	3,250.00
Other expenditures	1,250.00
TOTAL	$43,600.00

Respectfully submitted,

THÉRÈSE LAVOIE-ROUX
Chairman

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

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

● (1410)

[*English*]

THIRTEENTH REPORT OF COMMITTEE PRESENTED

Hon. Thérèse Lavoie-Roux, Chairman of the Standing Committee on Internal Economy, Budgets and Administration, presented the following report:

Tuesday, April 7, 1992

The Standing Committee on Internal Economy, Budgets and Administration has the honour to present its

THIRTEENTH REPORT

Your Committee has examined and approved the supplementary budget presented to it by the Chairman of the Standing Senate Committee on Transport and Communications for the proposed expenditures of the said Committee with respect to its inquiry into the decision of CN Rail to sell the main railway line between Truro and Sydney, Nova Scotia, as authorized by the Senate on Wednesday, December 11, 1991. The said supplementary budget is as follows:

Professional and Other Services	$ 500.00
Transportation and Communications	400.00
Other Expenditures	500.00
TOTAL	$1,400.00

Respectfully submitted,

[The Hon. the Speaker.]

THÉRÈSE LAVOIE-ROUX
Chairman

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

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

[*Translation*]

FOURTEENTH REPORT OF COMMITTEE PRESENTED

Hon. Thérèse Lavoie-Roux, Chairman of the Standing Committee on Internal Economy, Budgets and Administration, presented the following report:

Tuesday, April 7, 1992

The Standing Committee on Internal Economy, Budgets and Administration has the honour to present its

FOURTEENTH REPORT

Your Committee has examined and approved the supplementary budget presented to it by the Joint Chairman of the Standing Joint Committee for the Scrutiny of Regulations for the proposed expenditures of the said Committee with respect to its review of statutory instruments, as authorized by section 19 of the *Statutory Instruments Act*, R.S.C. 1985, c. S-22. The said supplementary budget is as follows:

Professional and Special Services	$33,516.00
Transportation and Communications	660.00
Other Expenses	21,555.00
	$55,731.00

Respectfully submitted,

THÉRÈSE LAVOIE-ROUX
Chairman

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

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

[*English*]

FIFTEENTH REPORT OF COMMITTEE PRESENTED

Hon. Thérèse Lavoie-Roux, Chairman of the Standing Committee on Internal Economy, Budgets and Administration, presented the following report:

Tuesday, April 7, 1992

FIFTEENTH REPORT

Your Committee has examined and approved the supplementary budget presented to it by the Chairman of the Standing Senate Committee on Foreign Affairs for the proposed expenditures of the said Committee with respect

to its negotiations for a North American free trade agreement among Canada, the United States and Mexico, and any other related trade developments, as authorized by the Senate on Thursday, November 21, 1991. The said supplementary budget is as follows:

Professional and Other Services	$ 91,883.00
Transportation and Communications	1,100.00
Other Expenditures	2,500.00
TOTAL	$95,483.00

Respectfully submitted,

THÉRÈSE LAVOIE-ROUX
Chairman

The Hon. the Speaker: When shall this report be taken into consideration?

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

[*Translation*

SIXTEENTH REPORT OF COMMITTEE PRESENTED

Hon. Thérèse Lavoie-Roux, Chairman of the Standing Committee on Internal Economy, Budgets and Administration, presented the following report:

Tuesday, April 7, 1992

The Standing Committee on Internal Economy, Budgets and Administration has the honour to present its

SIXTEENTH REPORT

Your Committee has examined and approved the supplementary budget presented to it by the Joint Chairman of the Special Joint Committee on Conflict of Interests for the proposed expenditures of the said Committee with respect to its comprehensive review of the subject-matter of Bill C-43, An act to provide for greater certainty in the reconciliation of the personal interests and duties of office of Members of the Senate and of the House of Commons, to establish a Conflict of Interests Commission and to make consequential amendments to other Acts; and, in fulfilling its mandate, review the conflict of interest approaches used in other jurisdictions and any other matter related thereto, as authorized by the Senate on Monday, December 9, 1991. The said supplementary budget is as follows:

Professional and Other Services	$17,940.00
Transportation and Communications	5,250.00
Other Expenditures	5,670.00
TOTAL	$28,860.00

Respectfully submitted

THÉRÈSE LAVOIE-ROUX
Chairman

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

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

EXTRADITION 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-31, an Act to amend the Extradition Act.

Bill read first time.

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

On motion of Senator Lynch-Staunton, bill placed on the Orders of the Day for second reading at the sitting of the Senate of Thursday, April 9, 1992.

[*English*]

ENERGY, THE ENVIRONMENT AND NATURAL RESOURCES

NOTICE OF MOTION TO AUTHORIZE COMMITTEE TO ENGAGE SERVICES

Hon. William M. Kelly: Honourable senators, I give notice that on Wednesday next, April 8, 1992, I will move:

> That the Standing Senate Committee on Energy, the Environment and Natural Resources have the power to engage the services of such counsel and technical, clerical and other personnel as may be necessary for the purpose of its examination and consideration of such Bills, subject-matters of Bills and Estimates as are referred to it;
>
> That the committee have power to adjourn from place to place within and outside Canada for the purpose of such studies.

FOREIGN AFFAIRS

NOTICE OF MOTION TO AUTHORIZE COMMITTEE TO MEET DURING SITTINGS OF THE SENATE

• (1420)

Hon. John B. Stewart: Honourable senators, I give notice that at the next sitting of the Senate I shall move:

> THAT the Standing Senate Committee on Foreign Affairs have the power to sit at 4:30 o'clock in the afternoon on Tuesday, April 28, May 5, and May 12, 1992, even though the Senate may then be sitting, and that rule 96(4) be suspended in relation thereto.

NORTHWEST CANADA CONFERENCE EVANGELICAL CHURCH

PRESENTATION OF PETITION

Hon. H.A. Olson: Honourable senators, I have the honour to present a petition for the Northwest Canada Conference Evangelical Church, praying for the passage of an Act to amend an Act to incorporate the Northwest Canada Conference Evangelical Church.

[*Translation*]

GOODS AND SERVICES TAX

PRESENTATION OF PETITIONS

Hon. Jacques Hébert: Honourable senators, I have the honour to present petitions signed by 75 citizens of Ontario who oppose the goods et services tax. These petitions come mainly from Toronto, Downsview, Oshawa and Thornhill.

Honourable senators, I have also the honour of presenting several petitions signed by 507 citizens of Ontario who oppose the goods and services tax. These petitions come mainly from Toronto, Willowdale, Kitchener, Waterloo, Cambridge and Brampton.

[*English*]

These petitions represent a grand total of 582 Canadians who cannot accept the GST and are particularly angry that, for the first time, a government was so insensitive about culture that it applied the GST to books and periodicals.

Senator Olson: Shame!

Senator Hébert: These 582 citizens do not forget easily and probably they will not soon forgive, either.

QUESTION PERIOD

THE CONSTITUTION

BEAUDOIN-DOBBIE REPORT—STATEMENTS OF MINISTERS—GOVERNMENT POSITION

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, my question is to the Leader of the Government and refers to our exchange of last Tuesday regarding the support or non-support by Ministers Bouchard, Masse and Loiselle of the government position with respect to constitutional reform. He promised me that he would be bringing me some documentation to show speeches made by these honourable gentlemen. Has he been able to obtain any such documentation?

Hon. Lowell Murray (Leader of the Government): Honourable senators, I am not aware that I made any commitment of that kind. If I did, I will review the situation and do what I can to bring in the required information.

Senator Molgat: The exchange—and I refer to *Debates of the Senate* —took place at page 1286. The government leader said that all three ministers fully endorsed the Prime Minister's statement that the Beaudoin-Dobbie Report was the best offer that Quebec had ever had. I then said:

> Mr. Minister, we would be delighted to hear about a speech by one of these three ministers. Bring us a speech that shows they said something positive about Canada and the Beaudoin-Dobbie report. If you are so sure, bring it in. We can wait.

Senator Murray: That is what you said, but I see no commitment there on my part to do anything.

Senator Molgat: But you did say that they had defended that report, and that you were sure they had. Show us how they did so, and show us where.

Senator Murray: I myself have seen—and I am sure that my friend has also—several of these ministers in the course of television interviews, or heard them in the case of radio interviews, doing exactly what I said they had done.

I do not know whether prepared texts of such speeches are available. Many ministers speak without the assistance of prepared texts. If they have them and they are available, I will be glad to table them.

Senator Molgat: With the immense clipping service that the government has, I am sure there will be no problem at all. If these ministers have made so many statements defending Canada, I am sure that my honourable friend can easily find them.

Senator Bonnell: One or two at least!

Senator Molgat: If he could supply them to us, it could be important. We have seen that these ministers are saying that they do not agree with the report and that they will not go and defend the government's position in the province of Quebec. The government cannot have it both ways. Will the minister undertake to use his vast resources of research to obtain for us at least one or two illustrations?

● (1430)

Senator Murray: Honourable senators, I will see what is available in that line. When there is something, I will bring it to the attention of the honourable senator.

CANADA POST

DEFICIT POSITION—DEPARTMENTAL USE OF PRIVATE ENTERPRISE—GOVERNMENT POLICY

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): I have a further question on another subject. I should like to know what government policy is with regard to the Post Office.

In a recent issue of *Quorum*, I see this story.

> CanPost deep in red.
>
> Canada Post ran more than $100 million in the red last year because of the postal strike and recession.

Then there is a specific quote from one of your ministers.

"It's in that order, but I don't have the exact figure," Government House Leader Harvie Andre said when asked about the whopping deficit in an interview.

However, in another issue of *Quorum*, there is this story. It is in French.

[*Translation*]

CanPost Should be Privatized: Several federal departments prefer to call upon a private company controlled in part by the Post Office Department of the Netherlands rather than on the Canada Post Corporation to handle their mail overseas.

According to an official of InterPost Systems Canada, Mr. Bob Anderson, those departments are Supply and Services Canada, Environment Canada and Energy, Mines and Resources Canada.

[*English*]

We have a situation where, on the one hand, Canada Post is losing $100 million and, on the other hand, government departments are using a Dutch company to do their mailings instead of Canada Post. Surely this does not make sense.

Hon. Lowell Murray (Leader of the Government): The honourable senator ought to take a look at the legislation which his government introduced when they established Canada Post as a Crown corporation. It is a fact that Canada Post enjoys a monopoly in certain aspects of its activity. In other aspects, it is in a highly competitive environment. Government departments, like other shippers and users of such services, want to get the best service and the best price. After all, we are dealing with taxpayers' money.

I think, by the way, that the adverse financial results in the last year will be seen to be due in some considerable measure to the labour problems that Canada Post experienced for some time in 1991.

SOUTH AFRICA

REMOVAL OF SANCTIONS—GOVERNMENT POLICY

Hon. Peter Bosa: Honourable senators, I have a question for the Leader of the Government in the Senate. We have been following recently the progress that the government of South Africa has been making in dismantling the practice of apartheid. It appears that the government's actions in that regard are highly supported in the white community, as evidenced by the referendum that was held recently in that country.

We have also learned that the European Economic Community has recently lifted sanctions on South Africa. Does the Canadian government intend to follow suit, now that South Africa appears to have met some of the conditions that the Canadian government imposed?

Hon. Lowell Murray (Leader of the Government): The short answer to that question, honourable senators, is no. We will not be lifting our sanctions until the criteria established by the Commonwealth last summer are fully respected.

MACEDONIA

RECOGNITION OF SOVEREIGNTY—GOVERNMENT POSITION

Hon. Jerahmiel S. Grafstein: Is the Government of Canada presently considering the recognition of Macedonia as a sovereign state?

Hon. Lowell Murray (Leader of the Government): Not that I am aware of, honourable senators.

GENERAL AGREEMENT ON TARIFFS AND TRADE

GENEVA NEGOTIATIONS—EFFECT OF U.S. ELECTIONS

Hon. H. A. Olson: Perhaps the Leader of the Government would assist a great many Canadians who have an intense interest in the results of the trading negotiations that are currently proceeding in Geneva. I ask the question today because there have been a number of commentators, particularly from Washington, who have said that they do not believe any further progress will be made in dealing with those negotiations until after the November election in the United States. If that is so, perhaps it would be appropriate for a spokesman for the Canadian government such as the Leader of the Government in the Senate to level with Canadians and tell them what is really going on in Geneva. He might tell us, for instance, what to expect with respect to a number of matters that are of great interest, such as Article XI, export subsidies on grain, and a number of other vital trading matters that are under discussion there.

Hon. Lowell Murray (Leader of the Government): Honourable senators, I have tried on several occasions to explain to the honourable senator what is really going on in Geneva. The last time we discussed this matter, I referred to the discussions that had taken place between President Bush and Chancellor Kohl of Germany, but this news served only to fuel the honourable senator's indignation.

I can tell him that following those bilateral talks between Germany and the United States, informal discussions have been taking place between the United States and the European Community. We also have reason to believe that Chancellor Kohl will use Germany's influence in the European Community to try to move towards a rapprochement with the Americans.

As it happens, talks between the United States and the European Community will resume on April 22, but it is anybody's guess whether we will be able to meet the April 29 deadline that was set for an agreement. That is where the matter now stands.

Senator Olson: I wonder whether the minister thinks he is being fair to Canadians in giving that kind of a reply when there has been no progress to report. In all the answers that he has given in this house, there has been no indication of progress at all. He talks about some negotiations or discussions that have gone on between Germany and the United States. I asked him if anything useful had happened, and there were a lot of words in his reply, but all it came down to was, "I do not know."

Now he is again raising the hope that something useful might happen between April 22 and April 29. In addition to the farmers who are intimately involved, there are a lot of other people in this country who have a very vital interest in these matters. Surely we all have the right to know what is really going on. A number of highly respected reporters who have been at the meetings in Geneva are unanimous in saying that they think it is long past the date when anything useful can be done this year.

Senator Murray: If that is the case, honourable senators, the cause will have been an inability to break the impasse between the United States and the European Community on the question of agricultural subsidies. The honourable senator is aware of the proposal in the Dunkel text having to do with the phasing down of agricultural subsidies. The honourable senator is also aware that, so far as the United States is concerned, this is a minimum that will be acceptable. It seems the position of the United States is that they will countenance no watering down of provisions which they already regard as the minimum acceptable.

● (1440)

On the other hand, the European Community, influenced as it is by several big agricultural nations, is of the view that the text must be watered down, that the phasing down of agricultural subsidies is too great a burden for them to bear too quickly. There the matter stands. The Americans and the Europeans are meeting again, as I said, on April 22. I hope that in the interests of world trade and liberalized world trade, in which we all have such a large stake, they will be able to make some progress.

Senator Olson: Honourable senators, there was a time when the Canadian negotiator at these types of meetings had some influence. Is the minister now saying that it is inevitable that we have to accept what the Americans say, and that is it?

Senator Murray: The honourable senator knows the answer to that question as well as I do. I think it is a rather cheap shot on his part.

Senator Olson: Cheap shot? It is what happened!

Senator Murray: It is a cheap shot on the part of the honourable senator to be attacking the Canadian negotiators from the Canadian government who have played an important part in bringing negotiations as far as they have come in the Uruguay Round.

I am still waiting to hear where the honourable senator stands on the question of agricultural subsidies and the Dunkel text. The last time I heard the honourable senator address the text he said it was unacceptable, and not just because of Article XI. We have no disagreement on that, but he said the text generally was unacceptable. Perhaps we could hear from him at some appropriate time and he could offer some guidance to the negotiators.

Senator Olson: Honourable senators, I could advise the minister that it would probably be better if we had a different government, a government that could send people over there who could negotiate effectively. If the minister wants to call it a cheap shot he can do so. I have described exactly what has happened, and he knows that.

I say this to him: If after five years we still stand in the corner, cap in hand, wringing our hands because the Americans say this or that, we have nothing else to say or do. That is what has happened. That is not the way the Canadian government used to act before this government came to office. I want to tell the minister that many Canadians believe that it is about time the spokesmen and negotiators of this government stand up for Canadians and the interests of Canadians. I would like him to level with them and tell them what is going on so that, if they are unable to exercise any influence on those negotiations, at least they can tell Canadians where they stand so they can prepare themselves for the kind of trading negotiations that will be taking place.

Senator Murray: Honourable senators, there is a very good newspaper in Medicine Hat. It has not escaped their notice, and therefore should not have escaped the notice of the honourable senator, that the Canadian representatives—not only the Prime Minister and the ministers who have been dealing with these issues in multilateral fora, among heads of government and at ministers meetings, but also our ambassadors, including Ambassador Gerald Shannon, for example—have been making forthright and vigorous statements upholding the Canadian interests in these talks.

Senator Olson: They have been a total failure to date.

Senator Murray: I am sorry the honourable senator feels that way. Perhaps he would be surprised to learn that one of our Canadians has been chairman of the group dealing with agricultural subsidies at the GATT. I come back to the essential point here: When you have two huge traders like the United States and the European Community deadlocked on an issue such as agricultural subsidies, the process comes to a halt until that deadlock can be broken, and all the fulminations of the honourable senator will not help. He was standing up here in great indignation a week ago because Chancellor Kohl and President Bush had the temerity to have a meeting on the subject in Washington.

Senator Olson: Honourable senators, the minister at least ought to get his facts straight. I agreed that they can hold meetings any time they like; they do not have to ask us.

Some Hon. Senators: Hear, hear!

Senator Olson: What I disagreed with and felt a little cheaper about was that the Canadian government had agreed that they could negotiate the Uruguay Round without Canadians even being at the table. They were willing to accept that.

By the way, on your other point, that great newspaper in Medicine Hat is only great once in a while—when it agrees with me.

VETERANS AFFAIRS

SEVENTY-FIFTH ANNIVERSARY OF VIMY RIDGE—STATUS OF MERCHANT MARINE VETERANS LEGISLATION

Hon. M. Lorne Bonnell: Honourable senators, I wish to ask a question of the Leader of the Government in the Senate. Since this is the seventy-fifth anniversary of Vimy Ridge, where many of our Canadian boys lost their lives in World War I, and since the minister the other day went all the way to Halifax to announce that he would bring in legislation for the mariners, when can we expect that legislation rather than words and promises?

Hon. Lowell Murray (Leader of the Government): Honourable senators, the minister has indicated that this will be done. It will be done as soon as it possibly can. I am not certain how much legislation will be required. It seems to me to be quite a straightforward decision to implement; so it should not take very long.

Senator Bonnell: Honourable senators, these straightforward decisions are not taking place. Some things they can do by regulation, but I do think they have to bring the act in and amend it as well. Would it not be a great time to bring that act in and pass it through here in a matter of three days so that these pensions could go to these veterans as we celebrate the seventy-fifth anniversary of Vimy? Since the minister thinks it will happen soon, I will give him another week to see if he can bring in that legislation.

Senator Murray: Honourable senators, in the announcement by Mr. Merrithew, the Minister of Veterans Affairs, he said he would soon introduce legislation for the merchant navy veterans. I am informed that in the course of his comments he said that he would be bringing in the amendments within weeks.

Senator Bonnell: Honourable senators, as I understand it we have only a few weeks left before we adjourn for the summer holidays.

Senator Murray: Don't take anything for granted.

Senator Bonnell: All I am going by is the calendar of the other place.

Senator Doody: Don't go by the other place.

Senator Bonnell: That could mean the fall before this legislation is brought in. As these veterans have reached the age where some of them die each day, they would like to have that legislation enacted as soon as possible.

Senator Murray: I am glad to have your undertaking that you will pass the legislation in three days.

Senator Bonnell: We will do the very best we can. I would pass it in three days, but I do not stand alone. We will give it every bit of support we can give it. We will not hold that legislation up provided it gives fair treatment to the veterans.

THE ECONOMY

STATUS OF BANKRUPTCY LEGISLATION

Hon. M. Lorne Bonnell: My next question is: When can we expect the *Bankruptcy Act* to get through the other place and into this house so that we can get some protection. Last year over 75,000 bankruptcies occurred in Canada. This year, in the month of January alone there were 6500 bankruptcies. Many people are hurt by these bankruptcies. When can we expect that legislation to proceed?

Hon. Lowell Murray (Leader of the Government): Honourable senators, I will consult with my counterparts in the House of Commons on that matter. Meanwhile, of course, if the honourable senator is anxious to get on with it, we could always consider a pre-study.

Senator Frith: I am glad to see you almost choked on that statement. There is some honour left in you.

Senator Bonnell: I am suggesting that we get the legislation here to make whatever amendments we think are necessary for the good of the provinces and the people.

● (1450)

Senator Murray: Honourable senators, I do not know when the bill will arrive in the Senate. I will have to make some inquiries. Of course, even the government leadership in the other place can never be certain as to the exact date a bill will receive passage in that chamber. However, I will try to obtain an educated guess from my friends in the other place.

Senator Frith: There is a good comparison here. The government knows exactly what it can do under these rules. There is no problem there; just slam it through.

COPYRIGHT

STATUS OF PROPOSED LEGISLATION

Hon. Lorna Marsden: Honourable senators, perhaps I could add to the list of vintage ideas that we would like to see in the form of legislation and ask the Leader of the Government in the Senate if there is any sign of legislation coming forward on the copyright revisions promised by the Honourable Flora MacDonald many years ago. They were also promised again last fall.

Hon. Lowell Murray (Leader of the Government): Honourable senators, I shall make enquiries.

THE CONSTITUTION

BEAUDOIN-DOBBIE REPORT—NATURE OF ADVERTISEMENTS

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, perhaps the leader of the Government in the Senatee could advise whether or not the government is presently conducting advertising concerning the Beaudoin-Dobbie report? I have seen television advertisements which mention that report. Which government department is the source? Perhaps he could advise us what the program is.

Hon. Lowell Murray (Leader of the Government): Honourable senators, television advertising is running now referring to the report of the Beaudoin-Dobbie joint committee and, as I recall, indicating an 800 number where people can call to obtain further information on that report. That advertising is being paid for out of funds that are under the control of the Federal-Provincial Relations Office.

Senator Molgat: I thank the minister for his answer. Perhaps he could obtain the details for us. For example, what is the budget? Where are the advertisements shown? In which languages are they shown? Are the advertisements the same in both French and English?

Senator Murray: Honourable senators, the answer to the last part of the question is yes. I have seen both the French and English versions of the advertisement. It will be no difficulty for me to obtain and bring in the budget, the stations and the frequency with which the commercials are being shown.

BUSINESS OF THE SENATE

Hon. Royce Frith (Leader of the Opposition): Honourable senators, may I ask His Honour to tell us, under the rules, how much time there is remaining for the Opposition—or anyone else, for that matter—to ask questions?

The Hon. The Speaker: I am informed that there are six minutes remaining, honourable senators.

FISHERIES

FOREIGN OVERFISHING OF FLOUNDER AND FLATFISH—GOVERNMENT POSITION

Hon. M. Lorne Bonnell: Honourable senators, it would be a shame to waste the six minutes remaining. If we can obtain some true and factual information from the government, that six minutes may be very valuable.

Perhaps the Leader of the Government in the Senate can tell me, or find out for mee, what the Government of Canada and the Minister of Fisheries is doing to stop the overfishing of flounder off the coast of Newfoundland and Canada. The flounder catch has been overcaught by 12 to 15 per cent in the last two years.

Hon. Lowell Murray (Leader of the Government): Honourable senators, I answered questions on this matter the other day.

With regard to the flounder, as with the cod, the Minister of Fisheries, the Prime Minister, the Secretary of State for External Affairs, all ministers of the government, are exerting all of our efforts to try to pressure other nations to respect internationally agreed-upon quotas.

Senator Bonnell: I thought the previous answers the minister gave to questions related to cod. My question today relates to flounder and flatfish.

Senator Murray: Honourable senators, overfishing is the problem, and the solution lies in their being some respect for the stocks on the part of those foreign countries involved. We are doing all that we can to try to ensure that they show that respect.

Senator Bonnell: The European Community has agreed to curtail the fishing of cod off the shores of Newfoundland and the coast of Canada provided we give them some of the other stocks that we are not utilizing. Have we ever thought of giving them the seals?

THE CONSTITUTION

BEAUDOIN-DOBBIE REPORT—PROPOSED REALLOCATION OF POWERS

Hon. Jerahmiel S. Grafstein: Honourable senators, may I return to the subject of the Beaudoin-Dobbie report and ask the Leader of the Government in the Senate whether or not the government has prepared economic studies relating to the structure and sharing of tax revenues that would emerge as a result of that report? In other words, what would be the shift of tax revenues to the various provinces from the central government through whatever means as a result of the proposed reallocation of powers under the Beaudoin-Dobbie report?

Hon. Lowell Murray (Leader of the Government): No, honourable senators.

Senator Grafstein: Does the government intend to do so?

Senator Murray: Not for the present, honourable senators.

Senator Grafstein: The province of Ontario has raised the question of the currently unfair structure of transfer payments. Would it not be useful for the federeal government, on behalf of the citizens of the province of Ontario, to at least explore what the economic impact would be of the Beaudoin-Dobbie report if it were to be adopted by the government in its current form?

Senator Murray: Honourable senators, there are so many variables and hypotheses involved in trying to do such a calculation that I am not sure it would be very meaningful.

So far as the Government of Ontario is concerned, they would be well advised to try to get their own sums right first.

Senator Grafstein: The Premier of Quebec put the question of economic federalism on the table. Several weeks ago, he stated that his real concern was essentially the reallocation of economic powers. I would suspect that in saying that, essentially the Premier of Quebec is looking for a reallocation not only of political power but also of economic power. I further assume that any reallocation of economic power would be at the expense of the federal government. The government should be interested in indicating to the people of Canada, and in particular to the people of the province of Ontario, what such a reallocation of economic power would mean in terms of dollars.

Senator Murray: I do not know what type of economic powers the honourable senator is talking about, or what statements he is attributing to Premier Bourassa. Anything I have

heard Premier Bourassa say has been to the effect that the Canadian economic union is something that we must work to preserve and strengthen.

Senator Grafstein: I cannot remember the exact date of his speech, but he talked about domineering federalism. He allowed that the intrusion of the CBC into the province of Quebec would continue as a non-injurious symbol of the presence of federal power in that province. Beyond that, he said he was really interested in the economic questions as they relate to the proposed powers that he was seeking for his province.

Has the government given any thought to the Premier's speech as it relates to the restructuring of economic power as opposed to political power, and to determining who would be the winners and who would be the losers?

Senator Murray: Honourable senators, I saw the news conference by Premier Bourassa to which the honourable senator is referring, but I do not want to make myself the interpreter of Premier Bourassa's thoughts or declarations. His objection to the report of the joint committee insofar as it touched on the exercise of constitutional powers was—and is—that each of these situations would have to be negotiated case by case.

• (1500)

[*English*]

It was in that connection that he used the phrase "domineering federalism". He prefers, as he has made clear, a clean-cut division and reallocation of powers in the Constitution. I think that when my honourable friend talks about economic powers he is reading more into Premier Bourassa's declaration than the premier intended.

The Hon. the Speaker: The time for Question Period is now over, unless there is agreement to continue.

Hon. Senators: Agreed.

TAXATION

FEDERAL-PROVINCIAL REVENUE SHARING—GOVERNMENT POSITION

Hon. Jerahmiel S. Grafstein: Honourable senators, if I recall correctly, in the 1955 Tremblay Commission the province of Quebec was concerned because at that time it was spending under 35 per cent of the tax dollar under provincial control. In 1992, close to 70 per cent of the tax dollar is now expended by the provinces, particularly the province of Quebec.

How high must the percentage go before the government is concerned that the economic power of the central government is so diminished and weakened that it is of no use to the rest of the country?

Hon. Lowell Murray (Leader of the Government): Honourable senators, that is a very interesting point for debate. I would invite the honourable senator to elaborate on it at the appropriate time. If he does so, I hope he will trace the circumstances under which we have moved, through shared-cost programs and the like, to a situation where the exercise of the federal spending power has so diminished, as he says, that something like 70 per cent of total dollars is being expended by provincial governments. As I say, it is an interesting point for debate.

DELAYED ANSWERS TO ORAL QUESTIONS

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, I have five delayed answers to questions: one asked by Senator Simard on March 17, 1992, concerning the imposition of a surtax on wood products in New Brunswick; one asked on March 25, 1992, by Senator Marsden regarding access to reading materials; one asked by Senator Corbin on March 26, 1992, concerning highway construction in eastern Canada; one asked by Senator Wood regarding Veterans Affairs, ceremony at Canadian Memorial; and one asked by Senator Grafstein on March 31, 1992, regarding the government's response to an Ontario economic analysis.

[*Translation*]

NEW BRUNSWICK

IMPOSITION OF SURTAX ON WOOD PRODUCTS—EFFECT ON BUSINESS

(*This is in response to a question raised in the Senate on March 17, 1992 by the Honourable Jean-Maurice Simard*)

Premier McKenna's remarks are unwarranted. The termination of the Canada-United States Memorandum of Understanding was strongly supported by the industry and the key lumber exporting provinces. The Federal Government was successful in pressing for the exclusion of the Atlantic provinces from this investigation.

The Federal Government objects strongly to all aspects of this decision and will fight this case to the end, and win. There is strong cooperation among federal and provincial governments, industry and their respective counsel in defending Canada's interests.

[*English*]

COMMUNICATIONS

ACCESS TO READING MATERIALS—EFFECT OF GOVERNMENT POLICY

(*Response to question raised by Hon. Lorna Marsden on March 25, 1992*)

The new book publishing initiatives recently announced by the Minister of Communications will not limit the access Canadians have to books.

The amendments to the *Copyright Act* will provide a stronger basis for publishers and exclusive agents to protect their contract rights in the Canadian market:

—they will clarify the rights of publishers with regard to exclusive licensing; that is, the acquisition of publishing rights for the Canadian market;

—they will give Canadian distributors the tools they need to ensure that their exclusive distribution contracts are respected as long as they provide adequate service to their clientele.

As a point of principle, exclusive distribution contracts have to be recognized within the *Copyright Act*. This safeguard will make it possible to strengthen the infrastructure of the Canadian distribution system which is so essential to the promotion and dissemination of Canadian books.

Exclusive distributors and their clients—bookstores, libraries and others—will have the opportunity to establish the parameters of their relationship with respect to price and service, and the results of those negotiations will be reflected in regulations under the *Copyright Act*. This will not force anyone to sign exclusive distribution contracts, nor will it create new distribution rights. Simply, where such agreements exist, stronger protection will be provided to Canadians.

Public institutions (i.e., Government departments, both federal and provincial, libraries and educational institutions) will be allowed an exemption to import a single parallel copy of a book.

Finally, it should be noted that the recognition of exclusive distribution rights exists in most western countries, notably in the United States and Europe.

[*Translation*]

EASTERN CANADA

HIGHWAY CONSTRUCTION—FEDERAL FUNDING

(*This is in response to a question raised in the Senate on March 26, 1992 by the Honourable Eymard Corbin*)

The Minister of Finance indicated in his 1992 Budget that the Government is prepared to work with the provinces to explore ways in which the national highway system might be upgraded in a fiscally responsible manner.

At the recent First Ministers Conference in Toronto, federal and provincial governments agreed to give priority consideration to the proposals for a national highway system. Federal and provincial ministers of transport, in consultation with ministers of finance, will explore options, including examination of funding issues and implementation priorities, consistent with fiscal restraint.

No decision has been taken with respect to funding. The matter is under active review, in consultation with the provinces.

The Federal Government intends to conclude agreements with various provinces, which would respond to national priorities for the national highway system. However, these agreements would have to be consistent with our need to be fiscally responsible.

[Senator Lynch-Staunton.]

[*English*]

VETERANS AFFAIRS

VIMY—CEREMONY AT CANADIAN MEMORIAL

(*Response to question raised by Hon. Dalia Wood on March 26, 1992*)

The Royal Canadian Legion, Dominion Command was informed of the selection process, but was unable to participate in the actual interviews.

THE ECONOMY

FIRST MINISTERS CONFERENCE—ONTARIO ECONOMIC ANALYSIS TABLED—REQUEST FOR FEDERAL RESPONSE

(*Response to question raised by Hon. Jerahmiel S. Grafstein on March 31, 1992*)

This document entitled *Setting the Record Straight* was prepared by the federal government in response to the Ontario paper released at the Finance Ministers Conference in Toronto.

Role of federal transfers ($23 billion)

Mr. Rae has his facts wrong: total federal transfers to provinces in 1991-92 were $37 billion (as shown on page 98 of the 1992 Federal Budget); Premier Rae has forgotten to count in some $12 billion in tax point transfers and $2 billion in cash transfers to provinces.

The federal government cut transfers (to the provinces); further cuts are planned

—The federal government has not cut transfers to provinces; in fact, they have grown by nearly $12 billion from 1984-85 to 1992-93, or over 5 percent per annum over that period;

—that's well over the comparable rate of growth of federal program spending (4 percent);

—there are no plans for cuts in the major transfers to the provinces;

—indeed, the federal government has legislation before the House which will increase Equalization payments to have-not provinces by $600 million over the next two years;

—the 1992 Federal Budget contained no measures affecting major transfers to provinces (while severely restraining other federal spending).

In 1988-89, the federal government collected more than $5,000 per capita in Ontario, but spent only $3,360 per capital in Ontario

—Canada is more than a balance sheet;

—every province benefits from being part of Canada: from the existence of a Canada-wide market, from the strength of our financial institutions, our wider pool of trained people, education facilities and technology;

—these benefits are far more important than those which can be directly measured by flows of federal revenues and expenditures.

Federal support for these important programs (health, education, social assistance) is falling rapidly

—Federal support has been increasing, not falling;

—under the three major transfers (Equalization, EPF and CAP), payments to Ontario have grown from over $6.1 billion in 1984-85 to $9.9 billion in 1992-93 (an increase of 62 percent);

—for Canada, the comparable growth has been from $23.5 billion to $35.4 billion.

From 1988-89 to 1991-92, the Equalization ceiling reduced revenues of lower income provinces by $3.1 billion

—Equalization payments to less wealthy provinces have grown from $7.3 billion to $8.0 billion over that period, an increase of nearly $700 million.

During that period, disparities between lower and higher income provinces widened

—Disparities between rich and poorer provinces have narrowed, not widened, since 1984-85.

The federal share of health and higher education spending in Ontario has declined from a high of 52 percent in 1979-80 to about 31 percent in 1992-93

Federal offloading in social assistance has hit Ontario particularly hard

—The facts speak otherwise: between 1984-85 and 1992-93, federal support for health, education and social assistance spending in Ontario will grow from $6.1 billion to $9.9 billion;

—that's a 6.2 percent annual rate of growth compared to 4.9 percent for the rest of Canada.

Ontario is hit the hardest

—There is only one taxpayer in Canada;

—all governments must contribute to deficit reduction;

—Ontario's debt charges, as a percentage of its revenues, amount to 11.6 cents on the dollar, compared to 33.4 cents for the federal government;

—Ontario is expected to bear its share of spending restraint; Ontario's per capita income remains the highest of any province in Canada.

New (fiscal) arrangements are needed

—In the 1991 Budget, the federal government recognized the need for reform of the transfers to provinces: "we want to ensure that, in the future, the system of transfers:

provides for the sharing of the opportunities and benefits of Confederation;

supports a more efficient and competitive Canada; and

maintains the principles and standards that are the basis of Canadian citizenship while respecting provincial flexibility."

—since then, we have tabled legislation to renew and improve the Equalization program, and we have been actively working with the provinces on transfer reform.

LEGAL AND CONSTITUTIONAL AFFAIRS

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

Leave having been given to revert to Notices of Motions:

Hon. Nathan Nurgitz: Honourable senators, before we proceed to Orders of the Day, may we please revert to Notices of Motions. I would ask leave to raise a matter that I trust is satisfactory to all concerned.

Hon. Earl A. Hastings: Is the honourable senator asking for leave?

Senator Nurgitz: I am asking for leave to revert to Notices of Motions.

Senator Hastings: I wonder if I might ask for some indication of why he would ask for this at this particular stage.

Senator Nurgitz: Certainly. I ask for leave to revert to Notices of Motions, honourable senators, in order that I might move that the Standing Senate Committee on Legal and Constitutional Affairs be able to sit today at four o'clock. The reason for this is that at its meeting this morning the committee decided to hear from the Minister of Justice with respect to the *Young Offenders Act*. The minister is available today at four o'clock. When I learned that, I immediately notified Senator Hastings and Senator Neiman, who was with him. Otherwise, we will not have an opportunity to hear from the minister and, of course, the committee will then have to decide whether to proceed with the bill without the minister or wait until another time.

The normal time slot for this committee is today when the Senate rises, much to the objection of Senator Hastings, who does not like that, as do none of the rest of us. I would ask leave to be able to sit at four o'clock. In addition to that, this is the only time at which we can get the minister.

Senator Hastings: I thank the honourable senator for his explanation as to why he is asking for leave. I presume, out of respect for the minister, that we should grant the leave and hear her with respect to this bill she wishes passed. It would seem me, however, that, if the minister really was anxious to have this bill, she should have provided us with a little notice of her appearance. If she had not been in such a damned hurry to get out of town to sell the bill, she might have made arrangements to appear before the Senate with some degree of notice so that we could adequately prepare for her appearance.

Having said that, I certainly will accede to her request on this occasion to facilitate her appearance.

The Hon. the Speaker: Is leave granted?

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, as I have said in the past, we are always

reluctant to grant leave, but we have done it when a good explanation was forthcoming.

I might point out in passing that one of our colleagues asked for leave last week and leave was refused by the other side. I would just point that out.

I would also point out that the minister may be in a very great hurry now for the bill, but if you look at the record from the other place you will see that that bill was introduced in the House of Commons on May 29 of 1991. It went to committee on that date and did not come out of committee until the 31st of October. It finally passed the House of Commons on November 25. It was introduced here on the 26th of November. Second reading began on the 4th of December and was concluded on December 5. Here we are into April and now there is a great rush; the minister has to be heard this afternoon at four o'clock.

I just want to point out that once again this place is being rushed, while the House of Commons takes all the time it wants. I do not believe that that is the way we should be proceeding. However, if those are the circumstances and my colleague who represents us on the committee is prepared to agree to it, I will not oppose it.

Senator Nurgitz: Honourable senators, I might say, just for the record, that the invitation was extended to the minister at about noon today, and that is the reason for this late date and late time.

Honourable senators, leave having been granted to revert to Notices of Motions, with leave of the Senate and notwithstanding Rule 59(1)(*a*) I move, seconded by the Honourable Senator MacDonald (Halifax):

> THAT the Standing Senate Committee on Legal and Constitutional Affairs have power to meet at four o'clock in the afternoon today, even though the Senate may then be sitting, and that Rule 96(4) be suspended in relation thereto.

The Hon. the Speaker: Is it the pleasure of the Senate to adopt the motion?

Senator Hastings: Honourable senators, as I indicated, I will support the motion. However, as has also been indicated, this bill has been around for a year and a half and yet suddenly this afternoon we must hear the minister by four o'clock.

There is no mystery as to why we have to hear the minister at four o'clock when we read the press release she issued this morning declaring "Protection of Society Week" from April 6 to 10. She then goes on to herald all of the legislation which Parliament has been asked to pass under her leadership which is going to make this nation safe and sacred as a result of her efforts. One would wonder, honourable senators, if the minister has not commenced her leadership campaign with this press release today.

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

[Senator Molgat.]

Motion agreed to.

● (1510)

CANADIAN ENVIRONMENTAL ASSESSMENT BILL

SECOND READING

On the Order:

> Resuming the debate on the motion of the Honourable Senator Ottenheimer, seconded by the Honourable Senator Ross, for the second reading of Bill C-13, An Act to establish a federal environmental assessment process.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, I adjourned the debate on this matter the other day in order to allow others to speak. That is why I did not rush to rise now in the hopes that we would hear from some of our colleagues opposite on this bill.

[*Translation*]

I was looking forward to hearing from the honourable senators from Quebec, especially those who have been Cabinet members in the Quebec legislature, in view of the letters sent to us by Minister Paradis on this issue.

Hon. Royce Frith (Leader of the Opposition): And what we have read in the papers.

Senator Molgat: And what we have read in the papers. I must admit that I am confused. I am not quite sure of what this bill does? Who is right? Is it Mr. Paradis, who objects violently so to speak to the bill, or is it Mr. Charest, who introduced this bill in the other place?

So, I had hoped that they might voice their opinion. That would be most helpful.

I must say that what I read in the papers does little to help me understand. Here is an article from *Le Soleil* indicating that Mr. Paradis, the Quebec Minister of the Environment, is heading today for the State of Massassuchetts, where he will address a group at Harvard University. It states that Mr. Paradis supports the environmental assessment of the Great Whale project saying that it is credible. A global agreement would even exist between the federal and provincial governments, the Crees and the Inuits.

On the other hand, there is this other article which states the opposite. Granted, it is not Mr. Paradis speaking. It is Mr. André Beauchamp who, if I am not mistaken, is himself a former Quebec minister. In any case, he says that Hydro-Québec has no structured system to follow . . .

I see some honourable senators shaking their heads. Let me read you the quote:

> Such is the view the former president of the Public Alliance for the environment expressed yesterday before the participants to the Great Whale forum held in Montreal. He also alluded to the former Parti Québécois government of which he was a member . . .

I am at a loss. He may not have been a Cabinet minister. At any rate, here is how the end of this article reads:

> As a matter of fact, he cannot get over . . .

Talking about Mr. Beauchamp.

> . . . how low political ethics have fallen in Quebec. He quotes as evidence the fact that it took a province-wide public debate, three lawsuits and an incredible loss of prestige at the international level to get Quebec and Hydro to carry out an overall impact assessment on the Great Whale project, which would in fact be a bare minimum in America.

These are the two points of view. I think it is essential that the Senate should hear both sides of the argument. Up until now, we have heard the government's opinion which is that this is a very good bill and that we should proceed. However, we know that Mr. Paradis is of a totally different opinion.

So, if you could enlighten me on this point, I think it would be most helpful in the context of our discussions here, in the Senate.

Hon. Thérèse Lavoie-Roux: Honourable senators, I do not know if I will help ease the anxiety of the Deputy Leader of the Opposition, but I will take a few minutes to tell you where I stand on Bill C-13, which as we know is the bill to implement the federal environmental assessment process.

We know that this bill is the result of a long process of discussion and consultation and I do not want to go over all the steps that this Bill C-13 took since discussion on it began in 1987. It was actually introduced in 1990, I think. At that time, it was Bill C-78, but it died on the Order Paper. It was re-introduced as Bill C-13 and has gone through parliamentary committees and many consultations.

I would simply say that we agree on the principle of the bill and I think that no one today disagrees with a bill to protect the environment or with doing what must be done to ensure proper environmental assessment.

That being said, I must also add that we cannot hide our concerns about some clauses that should certainly be considered further and looked at more closely to ensure that their application would not create conflict between the federal and provincial governments due to their respective jurisdictions.

Of course, for now, we do not have all the answers to these questions. Like you, we saw the conflicting viewpoints or approaches that appear different in certain respects, although I think it is not being totally rejected by Quebec.

I must also refer to what I read of Quebec Minister Paradis's statements and federal environment minister Charest's statements. We definitely feel that they have some points in common and I think that both agree that appropriate assessment action should be taken when these problems arise.

But I still think that this whole matter of how some clauses will be applied is a problem. In this regard, I think that this bill will be referred fairly soon, I suppose, to the Senate Committee on Energy and the Environment and I am glad about it.

I think that we will then have the opportunity to hear the Quebec Minister of the Environment, who is prepared to come before this committee. We will certainly hear from the bill's sponsor as well.

This will help us determine much more clearly and precisely, without getting into conflicts that have something to do with the constitutional debate and so on, whether the respective jurisdiction of both levels of government is respected or whether on the contrary the bill could lead to needless problems due to failure to respect the sharing or jurisdiction.

Honourable senators, as I see it, and perhaps some of my colleagues from Quebec would agree, the committee process will make it possible for us to take a long, hard look at what is involved and to consider the consequences or the repercussions of this legislation on the treatment of provincial and federal jurisdictions.

As far as I am concerned, the sooner this bill can be referred to the Standing Senate Committee on Energy, the Environment and Natural Resources, the better. It will be an opportunity for us to examine a bill that is of vital importance, a bill that fills a vacuum, since it arises from a ruling by the Supreme Court, further to environmental guidelines issued in 1983-84, if I am not mistaken. I see this legislation as part of the whole process. I hope that if there is any disagreement, and I am not sure about that right now, we will be able to find solutions that willl help us take a giant step forward on the way to protecting our environment.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, as we pointed out, and as Senator Kenny said earlier, Senator Lavoie-Roux has indeed answered some of our questions. We are not entirely satisfied with this bill but we are willing to let it go to second reading, while reserving the right to propose amendments later on.

Motion agreed to and bill read the second time.

● (1520)

[*English*]

REFERRED TO COMMITTEE

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

Senator Molgat: Honourable senators, this bill has very obvious provincial repercussions, not only in Quebec but in other provinces as well. Therefore, in view of their interest, I suggest that a formal letter be sent to the provincial governments inviting them to appear before the committee, and that we allow them enough time to prepare their submissions. The committee, therefore, should not be called within the next two weeks. In other words, there should be a time lapse sufficient for the provincial spokesmen to be well prepared at the committee hearing.

On motion of Senator Lynch-Staunton, bill referred to the Standing Senate Committee on Energy, the Environment and Natural Resources.

[*Translation*]

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

TENTH REPORT OF COMMITTEE ADOPTED

The Senate proceeded to consideration of the Tenth Report of the Standing Committee on Internal Economy, Budgets and Administration (security in the Senate), presented in the Senate on March 25, 1992.

Hon. Thérèse Lavoie-Roux: Honourable senators, I would like to propose the adoption of this report that deals with the implementation of the Contingency Plans for Emergencies in the Senate. I would like to take this opportunity to thank Senators Kenny and Kelly who have been the architects of this project that goes back well over a year. The principal feature of the Plans, if adopted would be for the Senate Protective Service to organize and train itself to handle any security matter up to life-threatening situations.

The Plans would also permit the Senate Protective Service to call for assistance from outside authorities, such as the Royal Canadian Mounted Police and the Ottawa Fire Department. This would be in cases of life-threatening situations. This is a significant change of Senate security policy. If the Plans are adopted, the Senate Protective Service will develop training procedures with the House of Commons and the Royal Canadian Mounted Police to coordinate the implementation of these Contingency Plans.

It must be understood that this is a report which, considering the confidentiality of such measures, will not be tabled as a comprehensive report. I ask the Senate today to adopt at least the spirit of this report. Thank you.

Hon. Gildas Molgat (Deputy Leader of the Opposition): Honourable senators, I want to take this opportunity to thank Senators Kelly and Kenny who, as the chairman of the Committee indicated, were the two architects of this report.

I believe that we often think that security is not really a big problem in Canada and that we need not worry about it. Yet, when you see what happened in our city just two days ago at the Iranian embassy, you understand that there are now forces around us that were not present 20 years ago and that must be taken seriously. When Senator Kelly proposed the creation of a special committee on that issue a few years ago, he aroused the interest of senators. This report is the conclusion of a good job by those two senators and I want to thank them.

On motion of Senator Lavoie-Roux, report adopted.

SCRUTINY OF REGULATIONS

CONSIDERATION OF FOURTH REPORT—DEBATE CONCLUDED

The Senate proceeded to consideration of the Fourth Report of the Standing Joint Committee on the Scrutiny of Regulations concerning the Central Registry of Divorce Proceedings Order, presented in the Senate on February 27, 1992.

Hon. Normand Grimard: Honourable senators, regarding this issue, there were reports in the newspapers that the figures that were submitted to us, and when I say us I mean the Committee on the Scrutiny of Regulations, by the Department of Justice were inaccurate.

In fact, the minister of Justice wrote to the Committee on the Scrutiny of Regulations on March 19, 1992 to provide us with new figures showing that the direct and indirect costs of services provided to those that had paid fees for divorces were not those that were previously given to us. I insist on the last paragraph of the letter sent by the minister, which says:

[*English*]

> I regret that incomplete information was provided to the committee and I would be pleased to provide whatever further information you may require respecting this matter.

[*Translation*]

Honourable senators, the problem examined in our report arises from the following principle: No department may charge Canadian citizens a fee for services rendered either directly or indirectly if the amount charged is in excess of the cost of the services rendered.

At the time, the Department of Justice charged divorce applicants $10 as a fee for recording the names and addresses of parties in divorce proceedings, which was entirely acceptable. The Scrutiny of Regulations Committee wrote to the Department of Justice to ask what its revenues were from these fees, as well as the direct and indirect costs of providing the services to those who paid the $10 in question.

From the figures we were given by the Department of Justice, we deduced that during the past five years, a total of approximately $ 3,500,00 had been paid by divorce applicants and that the direct and indirect costs of services rendered represented barely two-thirds of revenues, which meant that about 33 per cent of the amount collected by the Department of Justice was excess revenue.

As you know, the imposition of a tax requires an Act of Parliament and cannot be prescribed by regulation.

Further to the report we tabled in this Chamber and in the other place, the Department of Justice informed us that the figures it had provided were not necessarily wrong but did not reflect the actual situation. Today we were informed that according to the new figures sent by the Department of Justice, the direct and indirect costs show that the profits generated by the fees paid by divorce applicants do not represent 33 1/3 per cent but 10 per cent of those fees. Of course, the Scrutiny and Regulations Committee does not conduct criminal investigations. However, I believe that on the basis of the figures we were given before by the Department of Justice, we had the right to say it was illegal to impose a kind of tax that only the Parliament of Canada has the right to levy.

Honourable senators, according to the figures we will examine in the months to come, it is clear that we are now down to a profit if we can call it that of 10 per cent. We are not here to split hairs. I think that at this stage, we must accept the figures we have been given by the Department of Justice. They

have nothing in common with those we received before. That is why I say we were right to table this report, because it merely emphasizes the fact that no department may charge fees that exceed the cost of services rendered, either directly or indirectly, to those who paid the fees for those services.

We were right to table this report when the Department of Justice sent figures that showed there had been a profit of 33 per cent. Today, we have amended figures, which that we intend to examine at the appropriate time, that show a profit of only 10 per cent. I don't think your committee would have tabled its report if we had had those figures at the time.

Honourable senators, those were my comments, and once we have examined the new figures sent by the Department of Justice, we will table an additional report, if necessary.

● (1530)

[*English*]

Hon. Royce Frith (Leader of the Opposition): Honourable senators, I would like to congratulate our joint committee chairman and all our colleagues on the committee for the good work they have been doing and are continuing to do. The matter before us is but one outstanding example of that good work.

The Scrutiny of Regulations Committee is certainly one of the most hard-working in the Senate. It looks like pretty dull work, and I think a good deal of the time it is. I have only attended one meeting of the committee over the years. I must say that I was surprised to find out how interesting it was. Perhaps that is because of the fact that I am a lawyer, and perhaps it would not have been as interesting for others.

I think it would be a mistake for us just to wring our hands over the abuse that this committee has elucidated for us on this particular case of the Divorce Registry. It is worthwhile to take just a moment to situate this report in the context of subordinate legislation, something which is a problem that exists for all Parliaments everywhere.

The problem is that when legislation is passed it is often necessary to give the executive—that is, a ministry—the authority to pass regulations in order to implement the purpose of the act. That is a reasonable request. It is a reasonable consequence of the parliamentary system, and a reasonable consequence of the need to implement legislation without providing for every comma and every word.

The problem, of course, is the potential for abuse. Once the authority is given to pass these regulations which, by the principal statute, are given the full force of law, one transfers to public servants the authority to make law—and I mean make law; law that is just as effective as any that we pass.

Senator Nurgitz: Sometimes far more.

Senator Frith: In some cases it is more effective because it is more detailed in its application, as Senator Nurgitz is implying.

I congratulate the members of this committee again. They have found something here which has attracted attention. When they do all their other good work and find out there has been some error in the implementation of regulations with regard to the planting of tomatoes, for example, which in fact happens and is important, that good work does not catch attention.

This matter of the Divorce Registry caught attention. I think that every time we get a chance, or at least on a regular basis, we should remind ourselves as parliamentarians and as legislators that this potential for abuse of subordinate legislation exists.

In this case, what has really happened is that the public servants in this department—and I am not singling anyone out; there is nothing personal involved—have passed, in effect, a tax. They have raised revenue. If there is anything that has been jealously guarded traditionally by parliamentarians since the beginning of their existence, it is the right to impose taxes and to raise funds. Traditionally, the king was gradually forced to go to Parliament and say, "I need money." Parliament, over the years, kept acquiring more exclusive authority to levy taxes and raise funds.

What has happened here, and I am sure this is just one example of the millions of examples around the world where there is subordinate legislation, is that, as Senator Grimard and his committee's report points out, revenues from fees levied to operate and to defray the costs of the Divorce Registry soon exceeded the direct and indirect costs.

The committee sets that out most articulately at page 567 of the minutes of the committee. On that page there is listed for the years 1986-87 through to 1991 what the direct and indirect costs were and what the revenues were. For example, in that first year that is listed, the direct and indirect costs were $315,000; the revenues were $800,000.

What happened was that the people who were paying the fees were being taxed. Money was being raised beyond the cost of administration and revenue was obtained for the Consolidated Revenue Fund, not from all taxpayers but from the ones paying the fees.

● (1540)

The potential for pernicious results of this kind are such that all Parliaments have tried to find ways of controlling it. Sometimes they put in the statute that regulations will require some form of approval or reference. But it is quite rare that that happens. Once we pass the law and delegate the legislative authority to pass regulations that have the same effect as law, we have handed law-making over to the civil servants and to the administration.

The possibilities for abuse are such that, for example, in Australia the Senate plays a very important role with regard to subordinate legislation. Remember that we are not talking about an isolated occurrence. This goes on day after day in all parliamentary jurisdictions. In Australia the regulations do not have effect until they are approved by the Senate.

Some of you will remember that our colleague, Senator Godfrey, was a great champion of a similar role for the Senate of Canada. We might seriously consider this once again, now that we are closer to the possibility of Senate reform than we

ever have been in history. I hope that the chairman of this committee will take this on and become a champion for a joint committee, or preferably a committee only of the Senate. It is a role that the Senate could successfully play and one that, if fulfilled, would do a great service to the taxpayers.

On its specific merit and on the important role the committee has played in signalling again the dangers of subordinate legislation, I congratulate the chairman and the members of the committee. I hope that you will pass on our compliments to your colleagues on the other side.

The Hon. the Speaker: May I inform honourable senators that if no other senator wishes to speak, this report is considered debated.

SOCIAL AFFAIRS, SCIENCE AND TECHNOLOGY

MOTION TO AUTHORIZE COMMITTEE TO STUDY NFB FILM PRESENTATION WITHDRAWN

On the Order:

Resuming the debate on the motion of the Honourable Senator Marshall, seconded by the Honourable Senator Tremblay:

That the Standing Committee on Social Affairs, Science and Technology be authorized to examine the contents of the CBC/NFB series "The Valour and the Horror" and report upon the said production to determine the authenticity of the three part series viz *Savage Christmas: Hong Kong 1941*; *Death by Moonlight: Bomber Command*; and *In Desperate Battle: Normandy 1944*, due to the mounting unfavourable reaction of the said production.

Hon. Jack Marshall: Honourable senators, Motion No. 30 is a motion that I introduced to examine the authenticity of the three series film "The Valour and the Horror". When I introduced this motion I did it for a selfish reason, namely, to focus attention on the seriousness of the CBC production. However, I forgot that under the mandate of the Senate Sub-committee on Veterans Affairs are included ". . . all other matters relating to veterans affairs", which would cover us without having to introduce this motion, although it has served a purpose.

The Hon. the Speaker: Senator Marshall, I presume that you are closing the debate on this motion?

Senator Marshall: I am suggesting that I would be in agreement with removing the motion from the Order Paper, and I so move.

Hon. Royce Frith (Leader of the Opposition): Would you just finish your comment as to why?

Senator Marshall: We have the authority under the present mandate of the Senate Sub-committee on Veterans Affairs. It reads: ". . . to examine the veterans health care regulations and all matters relating to veterans affairs," which covers the waterfront.

[Senator Frith.]

Senator Frith: So you do not need the authority of the motion?

Senator Marshall: That is right.

The Hon. the Speaker: Is it agreed, honourable senators, to have the motion withdrawn?

Some Hon. Senators: Agreed.

Hon. Paul David: I am sorry, Senator Marshall, but the motion that you are speaking of will be presented tomorrow.

Senator Frith: What do you mean?

Senator David: It has not been passed yet. I was informed this morning that this motion, for reasons unknown to me, has not been passed. It is being prepared today and will be presented tomorrow.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Is Senator David speaking about the motion establishing the sub-committee?

Senator David: Yes; on the study.

Senator Molgat: We passed the budget for it, did we not, at the Internal Economy Committee?

Senator Frith: It is certainly good to have the money there, if we are to have a committee.

Senator David: The motion that has been referred to by Senator Marshall will be dealt with tomorrow, but we can close the debate if the Senate will pass the motion tomorrow.

Senator Marshall: I don't understand.

Senator Frith: I am confused now.

Senator Marshall: It was agreed at the main committee that the sub-committee be struck, and that took place quite some months ago. I do not know if the clerk is under a mistaken impression that it was not, but I am sure that it is in the record somewhere.

Senator David: We have a new chairman and new clerk on the committee. Perhaps the communications are difficult.

Senator Frith: Honourable senators, I should like to know what the antecedent of this "motion" is. What we have is a motion from Senator Marshall to give the committee authority to do something. He has then explained that the committee does not need that authority because it already has the authority.

Senator David then tells us that "this motion will be passed tomorrow". I do not know what motion it is that he is speaking of, because I understood that Senator Marshall had informed us—in order to get our leave to withdraw the motion—that he does not need this motion. What motion is it? Does he not already have the authority, as he says?

Senator David: I think the best thing to do is to speak with Senator Marshall and review everything so that we can tell you exactly what will have to be done.

Senator Frith: If I understand well, the motion is withdrawn with the permission of the Senate.

Senator Marshall: Honourable senators, I don't know where we stand. Do I understand that the motion is withdrawn?

Senator Frith: It is withdrawn, with leave.

The Hon. the Speaker: The motion will be withdrawn, then. Is that agreed, honourable senators?

Hon. Senators: Agreed.

Motion withdrawn.

BUSINESS OF THE SENATE

Hon. Royce Frith (Leader of the Opposition): Honourable senators, if we are to stand all remaining Orders, I like the Lynch-Staunton formula for doing so, because then the clock does not tick. If that is so, can we revert so that my Tibetan motion will not have its clock ticking?

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): There is one exception. I believe that Senator Olson wishes to speak on Inquiry No. 35.

Hon. H. A. Olson: You can stand all the others, though.

Senator Frith: It is just that when we have en bloc standing, the clock is still ticking.

Senator Molgat: Should we stand all the others with no change of number and go to Inquiry No. 35? Is that agreeable?

Hon. Senators: Agreed.

• (1550)

THE ECONOMY

EFFECTS OF GOVERNMENT POLICY—ORDER STANDS

On the Order:

> Resuming the debate on the inquiry of the Honourable Senator Olson, P.C., calling the attention of the Senate to the economic chaos created by the government in its pursuit of lower inflation and high interest rates.—(*Honourable Senator Murray, P.C.*).

Hon. H. A. Olson: Honourable senators, may I just make a comment on Order No.18? It says that Senator Olson is calling the attention of the Senate to the economic chaos created by the government in its pursuit of lower inflation and high interest rates.

Hon. Royce Frith (Leader of the Opposition): I like the wording of that.

Senator Olson: It is good. There was a good speech that went with it, too. Senator Murray adjourned that motion and has been waiting until the number is now up to 15. He still has not made any reply to it.

Senator Frith: That just proves the economic chaos.

Senator Olson: Yes, it does. He does not seem to want to answer it, either.

Hon. Lowell Murray (Leader of the Government): Honourable senators, let me make it clear that I will be glad to defer to any other honourable senator who wishes to take part in this debate.

Senator Frith: Time is running out. It is at number 15.

Senator Olson: This is its last day.

The Hon. the Speaker *pro tempore:* Does Order 18 stand?

Senator Frith: The rule says, "unless otherwise ordered." I take it we are otherwise ordering because we want to hear from Senator Murray, do we not?

Senator Olson: He wanted to make a speech. For some reason, his research did not entice him to finish it.

Senator Frith: All right. I will just have to put up with not hearing from Senator Murray, then. I am choking it down.

Order stands.

THE ECONOMY

MISMANAGEMENT OF MONETARY POLICY

Hon. H.A. Olson rose, pursuant to notice of April 1, 1992:

> That he will call the attention of the Senate to the government's mismanagement of the economy, particularly monetary policy.

He said: Honourable senators, this inquiry has somewhat the same objective as the one we just stood. What it says is that I will call the attention of the Senate to the government's mismanagement of the economy, particularly monetary policy.

Hon. Royce Frith (Leader of the Opposition): Again, you have a real way with words, Senator.

Senator Olson: Yes. This wording happens to be very accurate from the standpoint of the people I try to represent here, as well as from my standpoint when I look at the economy. It is in terrible condition.

The government stands back, watches Canadians suffer, and says, "Well, we have to get the fundamentals right." The Minister of Finance has said that again in the last two or three days. He was asked when he intended to take some action with respect to monetary policy and those things that are clearly within the jurisdiction of the federal government in order to get Canadians back to work. He made a lot of excuses and said, "We have to get the fundamentals right." I guess he is talking about some fiscal arrangements and debt management and all those sorts of things.

Honourable senators, we have had enough of that. The agriculture sector, particularly in oilseeds and cereal grains, has been financially very sick for about five years now. We keep getting the same answer, that they cannot do anything about it because the European Economic Community and the United States are having a dispute over export enhancement subsidies. That was clear five years ago in Uruguay when the negotiations started. It is still going on.

Of course the European economy, specially the industrial base in what was then West Germany, was paying the major

share of the subsidies that were paid to the farmers within the European Economic Community. The United States Treasury was paying the subsidies to the American farmers. I want to admit and acknowledge that even this government, in the first two years, made some rather substantial funding commitments to the programs that were already in place by the previous government, such things as the Western Canada Stabilization Program and a couple of others. They keep throwing that at us even today, that they were extremely generous in that respect.

I have to say thank you very much to the Leader of the Government that the government acknowledged that that was the right policy at the time. However, they have now stopped doing that, and the price of grain has gone down even further. That is the grievance we have at the present time.

The situation is becoming so severe that even bankruptcies have stopped. The foreclosures that are made by the banks and other financial institutions who have lent money to the farmers out there have stopped. What are the banks to do with the land? They cannot even rent it to anyone for a song. Even if a farmer pays no taxes and no rent on the land, the price of grain is so low that he cannot break even because of the costs of operating. The banks know that, but this government does not seem to understand.

Honourable senators, I want to make a short speech today; however, there is one other matter, and that is monetary policy, and this government seems to be completely oblivious to it. They do not seem to understand what the problem is. One of the basic problems, of course, is that the past Minister of Finance, the Honourable Michael Wilson, and the present Minister of Finance, Don Mazankowski, have apparently accepted the philosophy of the Governor of the Bank of Canada. That means that you do everything for the purpose of lowering inflation, no matter what the cost. Put interest rates up until you squeeze the economy, and keep on doing these things so severely that you create a recession. As a matter of fact, we are in a depression now.

So that there is no misunderstanding that the government believed that what they were doing was the right thing to do, on October 12, 1990, the Prime Minister had this to say:

> We are going to squeeze inflation out of the economy because, of all the ills that can be visited on an economy, inflation is the most insidious. In the process, we have induced a slowdown.

I want to repeat what the Prime Minister said, honourable senators:

> . . . .In the process, we have induced a slowdown.

Mr. Wilson said as much in his budget of February 19, 1990. There is no misunderstanding that they intended to play with the monetary policy so severely that they would squeeze all the inflation out of the economy. They have almost done it. I think it is getting down. Some economists will say that it is down to zero now, with the exception of what the GST did to it in the last year or so. Perhaps when the figures for March are compared with March, 1991, there will be zero inflation.

[Senator Olson.]

Honourable senators, we keep hearing the Minister of Finance say that we have to get the fundamentals right first. That means we have to get inflation down to zero. I think he talked about two per cent in his last budget speech. We get it down to that point, and then we expect that there will be capital investment in Canada such that it will create jobs and put people back to work.

The main point that I want to make today is that the people of Canada, or most of them, are afraid of this government. They are afraid of their monetary policy. Every time the Canadian dollar moves down a little bit, the following Thursday the Bank of Canada increases the interest rates. You have people who were caught the last time around and who have made up their minds they will not be caught again. It has cost them very dearly. All the people in the lumber business, in the pulp and paper business, in the oil business, in agriculture—in fact, in anything that we export—as well as most of the provincial premiers have advocated that the value of the Canadian dollar should go down to its economic level, based on the economic factors at play at any given time. However, this government does not allow that to happen, nor does the Bank of Canada.

● (1600)

What people are afraid of is that if the dollar does go down so that our exporters can be competitive on a "real-world" basis, and thus face the real factors in the economic world, this government will increase the interest rates, thereby increasing their debt service charges to the point that they will have to simply say, "We will not borrow any more money. We will not make capital investments at the rate we can probably get today", which is probably 8.5 per cent or 9 per cent, or in some cases a little less. The fear is that if the economy does pick up at all or if the Canadian dollar goes down—either one or the other—this government, or the Bank of Canada with the blessing of this government, will put interest rates back up again.

The last time that happened, the rate went from about 9 per cent or so, which was the going rate, to where some people were paying 14.75 per cent prime, long before they had received a return on their investment sufficient to retire the debt. That is an impossible situation. Therefore I hope that the government will change its monetary policy and let the Canadian economy move forward a little.

I also hope that the government will stand back and let the Canadian dollar find its rightful level based on economic factors alone, and not allow interventions by the Bank of Canada to force the dollar back up again through higher interest rates.

Senator Murray: What do you recommend?

Senator Olson: I recommend that you get out of the way and let the Canadian economy function properly. That is what you need to do with regard to monetary policy. Goodness knows, or heaven knows or whatever—that is your philosophy, that you will deregulate a lot of other things such as airlines, gas prices—

Senator Frith: Airports.

Senator Olson: Airports and so on, and all of these industries, everything you have deregulated, have failed in the severe depression. It seems as if the government wants to cop out of governing altogether. The Canadian people would like to change the government so that they can have a government that is willing to govern.

Senator Murray: Give us your advice on the dollar.

Senator Olson: I am trying to make the point that the lumber industry in this country is sick.

Senator Murray: What about the dollar?

Senator Olson: If the Bank of Canada would get out of the way and let the dollar find its rightful level—

Senator Murray: What is that?

Senator Olson: —which it would, then the exporters of pulp and paper in this country would be better off.

Senator Murray: What is its rightful value?

Senator Frith: You are saying that the lever is the one which would be established if there were no interference?

Senator Olson: Exactly, but the honourable senator does not seem to understand that. In any event, I have read what competent people, such as the economic departments of some of the major banks, such as the provincial governments who have been looking at their economic well-being based on the figures, who have the research facilities to enable them to look at such things and come up with answers, have to say and they are almost unanimous in saying that the Canadian dollar ought to be under $.80, at about $.78 or $.77, which is where it would settle if the Canadian government would leave it alone, but they will not.

Senator Murray: What would be the effect on inflation?

Senator Olson: Of course, there is an effect on inflation. Governing Canada is not a simple thing where you have simple black and white rules. You say that you will do it this way. You have to be in there with opinions and management advice every week of the year. That is expected of the Canadian government. That is why I refer in my motion to the government's mismanagement as being the problem.

I could bring up a few other things. This government has not had the courage to bring in fiscal arrangements that will bring their fiscal obligations down. They say, "Look, we have program spending down to where there is no deficit. All the deficit is in debt service charges."

Senator Murray: We are running the government operations in the black.

Senator Olson: Long before this government came into office, it was the responsibility of whoever was in office to pay the interest on the national debt.

Senator Murray: You drove it from 11 cents on the dollar to 33 cents.

Senator Olson: Every time you have a deficit of $30 billion or more, you add to what the debt service charges will cost in the next year. That is pretty simple and this government should understand that. Instead, they come up with a bill that will give them some camouflage, that will establish a debt reduction account. What a farce.

The government has all the authority it needs to manage this economy. It is a pretty complex thing but you have to do it. You cannot just say you will fob off the airlines, gas prices and everything else and let the market economy look after things. I really do not like to be diverted like this because I am talking about your monetary policy.

Companies all over this country, particularly in my province of Alberta, are downsizing every week and they will keep on downsizing because they do not believe that this government will allow them to make any investments, nor are they confident that the debt service charges will be anywhere near where the government has projected them to be. The oil industry is in deep difficulty over this matter. Agriculture, as I said a few minutes ago, is in the same situation. I know a lot of farmers who borrowed money for capital investment back—

The Hon. the Speaker *pro tempore:* Honourable senators, I must inform you that unless there is unanimous consent, the honourable senator must adjourn his debate. Is it agreed that he may finish?

Senator Murray: Give him an opportunity to complete his thought.

Hon. Senators: Agreed.

Senator Olson: I will not abuse the courtesy if there is agreement. However, I think we should change the rules as soon as we possibly can.

Senator Frith: We should. You are making good suggestions and Senator Murray is making notes. He will take them all back to cabinet.

Senator Molgat: No doubt they will accept them.

Senator Olson: The conclusion I want to make is rather simple. It all depends on what the government's main interest is when they set up their own monetary and economic policy. The banks have been doing all right under this government. They have had the highest net profits of any period in history when the country was in recession. Can you believe it? It is hard to believe but, up to October 31, 1990-91, the Royal Bank has a net profit of $983 million; the Canadian Imperial Bank of Commerce, $811 million—

Senator Forrestall: Are you criticizing that?

Senator Olson: I am criticizing it because in any economy there are problems with the distribution of the benefits of that economy. For the banks to make these kinds of enormous profits at a time when the rest of the country is in recession means there is something wrong with the management of that economy.

To finish, the Bank of Montreal made profits of $595 million in that same period. That may be good for the banks

and the shareholders of the banks, but I am interested in the people who work on the farms, in the lumber industry and the pulp and paper industry.

● (1610)

It should be up to someone else to talk about the fishing industry, but I am also concerned about the difficulties there. Not only have the cod stocks been depleted, but there are other problems caused by the mismanagement of the government.

Senator Simard: What would you do for the poor fishermen?

Senator Olson: I would change the monetary policy so that they are not crippled by debt service charges.

I implore the minister to recommend to his cabinet colleagues that there is something wrong with the monetary policy of this country. People do not dare to borrow money because they do not trust this government and the Bank of Canada, which is responsible to this government, to leave interest rates alone while they are trying to pay off the debt that they have incurred for expansion.

Economists are sitting back waiting for people to start buying automobiles and major appliances. A person who has been crippled with debt overhanging him will not get caught in that situation again, if he can possibly help it. The rank and file of the country has no intention of sinking itself into debt and being caught with 18 per cent to 21 per cent interest on its credit cards. A person will only allow that to happen to him once, because that type of debt is a most debilitating problem.

At the present time, the credit card debt in Canada is at an all-time high of $13 billion. It is interesting to note that approximately 50 per cent of credit card holders pay off the unpaid balance at the end of every month. Therefore, only half of them are paying all these debt service charges. The government apparently does not intend to do anything about that situation. Interest charges on credit cards are still at 18 per cent to 21 per cent.

I implore the government to change its monetary policy so that people can borrow money at a reasonable interest rate. Although interest rates have decreased, people have no confidence and are simply not borrowing. It is the monetary policy, the inconsistency of the government and the mismanagement of the economy that is holding us back from getting out of this recession.

This morning I heard some figures that indicate that in the month of March, the third month of this quarter, the Canadian economy is slipping again. It picked up a little in January and it picked up a little less than 1 per cent in February, approximately .8, but all the scores and marks are not yet in.

Senator Murray: Did you look at the export figures?

Senator Olson: Yes, I looked at the export figures.

Senator Murray: Did you look at the housing start figures?

Senator Olson: Yes. I am also looking at people who need jobs. If a person does not have a job, he or she does not have any income.

Senator Murray: Your point is that the economy has not started moving again?

Senator Olson: No, it has not.

Senator Murray: It has.

Senator Olson: The minister states that it has. He is correct; it moved up approximately 1 per cent in January and the same in February. Is that something great? However, now it appears to be slipping back again and that is unfortunate.

Senator Murray: What is your evidence for that?

Senator Olson: I listen to economists who spend their entire working day looking at these indicators. It would be sad if that happens again.

I asked questions earlier today about whether or not we are to get any response out of this government on the negotiations that are going on in order that people who sell and obtain from sales in the international grain market can look for some relief. I was advised that if the United States and Europe agree, we will get somewhere. However, there is no indication at all that Canada would influence those discussions. We always hear that we have to wait for Europe and the United States. That is not the way the Canadian government used to act. They used to get in there, and they had some influence.

Senator Frith: And every Thursday, Senator Murray got up. You better start doing that.

Senator Olson: Yes, every Thursday.

Senator Murray: You fought against free trade with the Americans. Now you are fighting free trade with the Americans and the Mexicans.

Senator Olson: The Leader of the Government in the Senate should make a speech and explain what is going on.

I hope all honourable senators opposite, especially the minister, will realize the damage that they have done to the Canadian economy and try to change their view. Is it just for the benefit of the financial institutions that the government is running the monetary policy? They are the ones that are winning, there is no doubt about that. What about trying to run it in such a way that the average Canadian gets some economic benefit out of the monetary policy?

Senator Murray: We presently have the lowest inflation in 20 years.

Senator Olson: Together with the highest unemployment rate, the most misery and the largest number of food banks.

The Hon. the Speaker *pro tempore:* Honourable senators, if no other senator wishes to speak, this inquiry is considered debated.

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, I move that the Senate do now adjourn.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Wednesday, April 8, 1992

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

Prayers.

SENATORS' STATEMENTS

THE ECONOMY

CONTINUING RECESSION—EFFECT OF GOVERNMENT POLICY

Hon. Philippe Deane Gigantès: Honourable senators, you must have seen today the bad news about the recession continuing and the statements that continue to come from business people, other than the president of the Bank of Montreal, the economists who make fat livings doing research for business people and journalists who work for newspapers that have been bought by business people—all of whom try to tell us that Keynesian measures to stimulate the economy and end a recession do not work, despite the historical evidence that they do.

If a lie is repeated often enough or long enough, it is soon believed by a large number of people. In the long run this besmirching of legitimate economic techniques for bringing relief to those who suffer in a recession may be the most destructive thing that people of the Tory philosophy will have done to this country, to the United States, and to other western countries.

You and your friends have a very heavy burden to bear—a burden of guilt.

GENERAL ELECTION

NUMBER OF DAYS LEFT IN CURRENT TERM

Hon. Royce Frith (Leader of the Opposition): Honourable senators, the reading of the election clock is as follows. For today, Wednesday, April 8, 1992, following Senator Murray's test as before, the respecters of democracy have 227 days in which to call an election. The cowards who are contemptuous of democracy have 613 days left.

[*Translation*]

SOCIAL AFFAIRS, SCIENCE AND TECHNOLOGY

FOURTH REPORT OF COMMITTEE PRESENTED

Hon. Paul David, Chairman of the Standing Senate Committee on Social Affairs, Science and Technology, had the honour to present the following report:

Wednesday, April 8, 1992

The Standing Senate Committee on Social Affairs, Science and Technology has the honour to present its

FOURTH REPORT

Your Committee, which was authorized by the Senate on November 21, 1991 to examine and report upon the Veterans Health Care Regulations (SOR/90-594, August 28, 1990) and on all other matters concerning veterans affairs which may arise from time to time, respectfully requests that it be empower to engage the services of such counsel and technical, clerical and other personnel as may be necessary for the purpose of such study and to adjourn from place to place within Canada for the purpose of such study.

Pursuant to Section 2:07 of the *Procedural Guidelines for the Financial Operation of Senate Committee*, the budget submitted to the Standing Committee on Internal Economy, Budgets and Administration and the report thereon of that Committee are appended to this report.

Respectfully submitted,

PAUL DAVID
Chairman

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

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

[*English*]

YOUNG OFFENDERS ACT

BILL TO AMEND—REPORT OF COMMITTEE

Hon. Nathan Nurgitz, Chairman of the Standing Senate Committee on Legal and Constitutional Affairs, presented the following report:

Wednesday, April 8, 1992

The Standing Senate Committee on Legal and Constitutional Affairs has the honour to present its

TENTH REPORT

Your Committee, to which was referred the Bill C-12, An Act to amend the Young Offenders Act and the Criminal Code, has, in obedience to the Order of Reference of Thursday, December 5, 1991, examined the said Bill and now reports the same without amendments, but with observations.

Some Committee members have doubts about the implementation, rather than the intent, of this bill. For a variety of reasons, they have expressed concerns about the

effectiveness of the Bill and whether it would realistically achieve the goals set out by the Minister.

Concerns were also expressed about the lack of uniformity in the potential administration of Bill C-12, together with discrepancies both in judicial interpretations of the Bill and in the rehabilitative programs implicit in the Bill.

Some members of the Committee also expressed concern about whether there was adequate funding for rehabilitative programs, and whether they were sufficiently addressed in Bill C-12. In particular, it was noted that prevention of youth crime can only be addressed by social programs which are preventative rather than justice programs which are, by their very nature, either regulatory or punitive.

Since these concerns are largely outside the scope of this particular Act, however, we have decided to address them in a letter to the Minister, which is attached to this Report.

Respectfully submitted,

NATHAN NURGITZ
Chairman

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

Hon. Consiglio Di Nino: At the next sitting of the Senate.

The Hon. the Speaker: Honourable senators, is it your pleasure to adopt the motion?

Hon. M. Lorne Bonnell: Honourable senators, before we adopt the motion on this report, I had understood that I was to get a copy of some figures before the report was to be presented. Also I would like to say that I read in the *Toronto Star*—

Senator Petten: A good paper.

Senator Bonnell: —of April 8 the following:

> A new law that would increase the jail sentence for convicted teenage killers to a five-year maximum could be in place by the end of the week, Justice Minister Kim Campbell says. A Senate committee last night approved a clause-by-clause review of amendments to the Young Offenders Act that would increase the maximum penalty from the current three-year maximum.

In other words, to five years. I do not think that article is correct, and before proceeding to third reading, I would like the chairman of the committee to give an explanation to the Senate correcting this statement in the *Toronto Star*.

The Hon. the Speaker: Senator Bonnell, according to rule 98 (4), you are out of order. You can speak on the matter at third reading, but this is not the time.

Senator Bonnell: Honourable senators, I do not know what the order says or what the Speaker is saying, but I understand this: A motion was introduced in this house that a bill be read a third time tomorrow. That motion was seconded and the Speaker asked if there was agreement. I got up to state whether or not I agreed. What is the sense of asking me whether I agree or not if I cannot say a word? There is something wrong here.

Hon. C. William Doody: Honourable senators, it is quite clear by the rules that a report presented to the Senate shall be received without debate. The honourable gentleman was debating.

Hon. Royce Frith (Leader of the Opposition): That is not the point at all. Of course the report is accepted; it is presented without amendment and it is therefore adopted without debate. Then the rules say that the sponsor shall move a motion as to when the bill shall receive third reading. A motion was made. The motion was that the bill be considered at third reading tomorrow. That motion is before the house—not the acceptance of the report but the motion as to when the bill should get third reading. That motion was then put to us, and it is before us. We were asked whether we approved. Senator Bonnell wants to speak to that motion, and he is entitled to do so. He is not speaking to the report.

Senator Doody: No.

Senator Frith: Yes. Why is that so hard to follow?

Senator Olson: Because they want to get their own way all the time.

Senator Frith: The Speaker rose and asked when the bill should receive third reading. Quite properly, the sponsor, Senator Di Nino, moved a motion. The motion is that the bill be placed on the Orders of the Day for third reading debate tomorrow. That is the motion before us. That is the motion that Senator Bonnell is speaking to, not to third reading of the bill, and not to the report. He is perfectly in order. He is only asking that when the bill comes up for third reading, certain information be furnished.

Senator Olson: Why can't you get that straight?

● (1410)

Senator Bonnell: Honourable senators—Senator MacDonald included, who is there with his hands open saying "hallelujah!"—why don't you let me have the floor and stop interrupting me.

Honourable senators, I am not looking to hold the bill up. I am not against the report of the committee. I do not want to hold the bill up so we cannot have third reading tomorrow—

Senator Doody: Speak on third reading.

Senator Bonnell: I am trying to.

Senator Doody: This is not third reading.

The Hon. The Speaker: Honourable Senator Bonnell, you are not debating the motion, you are debating the bill. That can be done on third reading, but not at the present time.

Senator Frith: He is not doing that.

The Hon. The Speaker: That is what the rule states.

Senator Frith: He is asking for information. We have a motion before us that third reading debate take place tomorrow. That is the motion Senator Bonnell is speaking to. He is asking the Chairman of the committee, or someone, to provide certain information for debate tomorrow. That is perfectly in order on the motion to have third reading tomorrow.

Honourable senators, all the Chairman needs to do—which I expect he will do—is state that he will try to get that information so it is there for us tomorrow. This request for information is relevant to the motion to have debate tomorrow.

Senator Nurgitz: Honourable senators, very briefly, at the committee, information was requested by Senator Bonnell which he was to receive today. He will receive it today; at least that is my understanding.

There is some information that Senator Bonnell read in the *Toronto Star*. I have not read it. I did not give the information to the *Toronto Star*. Frankly, most things I read in that newspaper are erroneous. I cannot be held accountable for matters beyond my control. I don't know who gave the paper that information. I am aware of no media people who were at the meeting and I do not know who gave them that information. I regret that Senator Bonnell received erroneous information.

Senator Bonnell: Honourable senators, in order to have the record straight for the Speaker—not for other senators because they understand that I am speaking on the motion—I agree that I will have an opportunity to speak on third reading.

Senator Doody: Senator Frith explained to us that Senator Bonnell rose to ask a question for information from the chairman. Now the honourable senator tells us that he is speaking on the motion.

Senator Olson: You cannot tell us how to ask questions, because you do not know how.

Senator Bonnell: I am speaking on the motion that is before the Senate.

Senator Frith: Senator Bonnell wants to know whether he can vote in favour of the debate taking place tomorrow, because he wants some information provided for use in that debate.

Senator Bonnell: The Speaker asked the senators if they agreed to the motion, which was moved and seconded, that the bill be read the third time tomorrow. That is the motion. I now rise to speak on the motion whether the bill should be read the third time tomorrow or left until next week. I think the bill should be read the third time tomorrow. I agree with that.

The Chairman of the committee promised me that he would provide information, and I should have had it this morning. I do not know when I will receive it—perhaps this afternoon, perhaps next week, but the Chairman has stated I will receive it and I take his word on that.

I am interested in whether tomorrow on third reading the promoter of the bill will contradict the statement that was supposed to have been made by the minister—not by a member of the press who was at a meeting, but by Minister Kim Campbell herself.

[The Hon. the Speaker.]

Senator Simard: You are reading from the *Toronto Star* not from the minister's statement.

Senator Bonnell: I am telling you what the press said.

Senator Simard: Who cares about the *Toronto Star*?

Senator Bonnell: I care. I care about misinformation that goes out to the press because somebody does not have the facts. The minister should have had the facts. The fact is, as far as I understand, these kids who are 16 and 17 years of age can get life imprisonment under the new legislation. That is not five years. It is life. They can come up for parole after five years. They are entitled to a parole hearing.

The Hon. the Speaker: Order, please. Senator Bonnell, you are debating the bill right now, not the motion. You can do that tomorrow at third reading. According to our rules, you are out of order.

Senator Bonnell: Honourable senators, I am going to abide by what the Speaker says. I think he is wrong, but I am going to back off for a very simple reason. I want the people of Canada to know these kids are entitled under this new legislation to life imprisonment, not five years as the minister states.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators—

The Hon. the Speaker: Order, please. We have a motion. Do you wish to speak on the motion, Senator Molgat?

Senator Molgat: I am rising as a result of the—

The Hon. the Speaker: I presume, Senator Molgat, you want to speak on the motion.

Senator Molgat: No. I wish to ask a question, essentially, on what has gone on. In my understanding of our rules, and if I have not understood correctly, I would be happy if someone were to quote the rule, a motion is always debatable with the exception of an adjournment motion. An adjournment motion is not debatable and must be voted on immediately. It seems to me that other motions, being a proposal to the Senate, are debatable motions. A motion that a bill "be read the third time tomorrow" sounds to me like a debatable motion. If it is not—

Senator Frith: Why ask us to approve it?

Senator Molgat: I would like to have the relevant rule outlined to me in that regard. I think we ought to clear it up.

Senator Murray: Honourable senators, in the hope of being helpful, and without necessarily drawing a firm conclusion on the matter, let me invite the attention of honourable senators to Rule 63. It states:

> 63. (1) Except as provided elsewhere in these rules, the following motions are debatable:
>
> (a) substantive motions, except dilatory or procedural motions;
>
> (b) for the second reading of a bill;

(c) for any amendment, or an amendment to an amendment, to a debatable motion;

(d) for the adoption of a report of a standing or special committee;

(e) for the third reading of a bill;

(f) for instructions to a committee;

(g) for an address to His Excellency the Governor General not merely formal in its character;

(h), for the appointment of a standing or special committee;

(i) for the reference of a question other than a bill to a standing or special committee;.

(j) for the adoption, while in Committee of the Whole, of the motion, clause, section, preamble, title or bill under consideration;

It continues. I do not think I need to read (k), (l)—

Senator Frith: It is helpful. This is clearly a procedural motion, is it not?

Senator Murray: Fine. If my friend—

Senator Frith: Therefore it is debatable.

Senator Murray: No. Except for—

Senator Frith: I thought for a moment we were still allowed to debate some things here. How foolish of me.

Senator Murray: My friend is mistaken. It says:

. . . . the following motions are debatable:

(a) substantive motions, except dilatory or procedural motions;

The Leader of the Opposition correctly identified the motion made by Senator Di Nino as a procedural motion.

Senator Frith: Is it?

Senator Murray: My friend just said it was.

Senator Frith: Do you think it is?

Senator Murray: Yes, I do, as a matter of fact. I think I agree with my friend on that point. The motion—

Senator Frith: Why bother asking us if we approve it if we cannot debate it? What is the point?

Senator Murray: I am not drawing firm conclusions. Rule 63(1) lists all of the debatable motions.

Senator Doody tells me that Rule 98(2) is quite explicit. It states:

A report presented to the Senate shall be received without debate.

● (1420)

Senator Frith: No one is quarrelling with that. I stood up and said that.

Senator Murray: No one is quarrelling with that, the Honourable Senator Frith says.

Senator Frith: I said that before. There is no question about that.

Senator Murray: I invite the attention of my friends to rule 98(4) which states:

When a committee reports a bill without amendment—

Which is the case here.

Senator Frith: Yes, this is exactly the one.

Senator Murray: It continues:

—such report shall stand adopted without any motion, and the Senator in charge of the bill—

That senator is Senator Di Nino in this case.

—shall move that it be read a third time on a future day.

Senator Frith: As I said, that is the perfectly correct cause of action. That is the motion we are discussing.

Senator Murray: The question before us is whether that motion is debatable. I say, and I think the honourable senator agrees, that according to rule 63(1), Senator Di Nino's motion that the bill be read a third time is not debatable.

Senator Frith: Why?

Senator Murray: If you were to read rule 63(1), you would see that it states:

Except as provided elsewhere in these rules, the following motions are debatable:

(a) substantive motions, except dilatory or procedural motions;

I would contend, as Senator Frith does, that this is a procedural motion.

Senator Frith: I do not think it is.

Senator Olson: No way!

Senator Murray: Now the honourable senator has changed his mind.

Senator Frith: I do.

Senator Murray: Because it does not suit your argument.

Senator Frith: No, because it is linked with the word "dilatory".

Senator Murray: And that makes all the difference in the world?

Senator Frith: It does. I see that is a joke to the leader. However, if he were to look at *Beauchesne* he would see under "dilatory and procedural motions"—

Senator Murray: Sure.

Senator Frith: Don't say "sure"; it is there. I know the very thought that perhaps there is an opportunity for some debate on some motions, such as this one, is a laughing matter under the present rules. However, on reflection, I do not think it is at all clear that this is a procedural motion.

If it is linked with dilatory motions, and if honourable senators were to read any of the authorities, they would find that procedural and dilatory motions are of a certain character. I doubt if we will find that this kind of motion is a procedural motion.

Senator Murray: The moment has passed, I think, when we can—

Senator Frith: When we can have any debate around here? I agree.

Senator Murray: —ask for a ruling on this matter because I think the motion has already been agreed to, but it may come up another—

Senator Bonnell: It hasn't been agreed to.

Senator Murray: Very well, then, I think we have stated the arguments on either side. We will place the matter before the Speaker and ask him to bring in a ruling in due course.

Senator Bonnell: Before that is done, honourable senators, may I read what Senator Murray skipped over when he read rule 63, the one he read so well. It states, "... the following motions are debatable:" Then rule 63(e) states:

> for the third reading of a bill;

The motion that the bill be read a third time tomorrow is what we are debating.

Senator Frith: Anything that does not suit Senator Murray's interpretation, he will laugh about. Senator Bonnell is quite right; let's hear from him.

Senator Murray: "Third reading of a bill" means when we get to the stage where the bill is about to be read for a third time. That is not the motion we are dealing with here.

Senator Bonnell: The motion here is that the bill be read a third time tomorrow.

Senator Murray: No. The motion is that the bill be put on the Order Paper for debate on third reading tomorrow.

Senator Thériault: You are out a mile!

Senator Molgat: In any case, honourable senators, while we are discussing the rules, I am thankful to Senator Doody for having reminded us of the provisions of rule 98(1). It states:

> A report from a select committee shall be presented by the chairman of the committee or by a Senator designated by the chairman.

Rule 98(2) states:

> A report presented to the Senate shall be received without debate.

Senator Doody is quite correct.

Rule 98(4) states:

> 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.

To show you the inconsistency in these new rules, honourable senators, I take you back to rule 63(1), which states:

> Except as provided elsewhere in these rules, the following motions are debatable:
>
> (d) for the adoption of a report of a standing or special committee.

[Senator Frith.]

We find two rules which contradict each other.

● (1430)

Senator Murray: Except as provided elsewhere.

Senator Molgat: Then what is the point of saying, "for the adoption of a report?"

Senator Murray: There are reports that do not necessarily deal with legislation. This is a report on a bill.

Senator Frith: We will get a ruling.

Senator Murray: I would ask that some consideration be given by the Chair and its advisors to see where we stand on this matter in due course.

Hon. L. Norbert Thériault: Honourable senators, on a point of order, let us just think this out for one moment. If I were the sponsor of a bill and moved that the bill "be read the third time tomorrow," the Leader of the Government in the Senate could get up and say, "I want to amend that motion. I do not want the third reading until next week." That is debate. That is why that motion is debatable.

I am not saying that the content of the bill is debatable, but the motion that that bill should be read next week or tomorrow or now is debatable. That is common sense for anyone who has sat in any kind of Parliament.

Some Hon. Senators: Hear, Hear!

Hon. Gerald R. Ottenheimer: Honourable senators, if I may, it has been a long time since I have had the opportunity to say a word on a procedural matter—a year as a matter of fact, and I have felt very neglected and isolated. But the honourable senator opposite asked us—and I do not have a direct quotation of his words—to look at it carefully.

Senator Thériault: To take a minute to think about it.

Senator Ottenheimer: Right, to think about it, to apply our minds to it. I will try to follow the honourable gentleman's example.

With respect, I do not think his argument holds water. It has a bit of a leak in the glass, or some might call it a sieve.

Senator Thériault: We tried to punch a hole in it but there is none.

Senator Ottenheimer: The time will come when there will be a motion before the Senate that this bill be now read the third time. That is not today. That is not now. That motion that the bill be now read the third time comes before the Senate at a specific time.

Senator Thériault: And I oppose it.

Senator Ottenheimer: Then if it is voted in the affirmative, it is accepted. If it is voted in the negative, it is rejected. If there is an amendment made to it, then that amendment is either accepted or rejected. But the motion which was made today is not the motion that the bill be now read the third time.

Senator Thériault: You mean tomorrow.

Senator Ottenheimer: It is asking for the concurrence of the Senate, or the decision of the Senate, on whether the question of the third reading of the bill will be put tomorrow.

Senator Frith: Why should that not be debatable?

Senator Ottenheimer: First of all, I am trying to address your honourable colleague's interests, because he stimulated me—

Some Hon. Senators: Oh, oh!

Senator Ottenheimer: I mean intellectually, procedurally—in no other way. But procedurally he stimulated me.

Senator Frith: It is tough to find a place to have fun around here but finally we have found one.

Senator Ottenheimer: I am trying to make the distinction, and I think Senator Frith will agree as well, that there is obviously a difference regarding the motion that a bill "be read the third time now"—whenever that "now" might be. If it is passed, we all know what happens and eventually there is Royal Assent.

The motion with respect to when the bill will be read the third time, voted yea or nay, is obviously quite different, because one could vote for this motion, and there is no Royal Assent. One could vote against the motion and the bill would not be up for third reading tomorrow. That would be the effect.

This specific motion is votable, and I would think there could be a division on it—

Senator Hastings: But it is not debatable.

Senator Ottenheimer: No, I do not think it is debatable. That is the point. It is votable, but that does not mean it is debatable. Every motion is voted on, but not every motion by the very fact of being a motion is necessarily debatable. The distinction essentially is found when you look at the effect of a certain action. When the question before the Senate is, "Shall this bill now be read the third time?", and there is an affirmative vote, the result of that is Royal Assent to bring it into law.

This particular motion before the House is to the effect that the bill be considered for third reading tomorrow. The affirmation of that motion has nothing to do with Royal Assent whatsoever. Probably the simplest, and I think the most obvious, explanation is that, *prima facie,* it is quite—

Senator Thériault: Debatable.

Senator Ottenheimer: —procedural. The rules say that procedural motions are not debatable. The basic question before the Chair is whether the motion is procedural or not. I thank my honourable friend opposite, because, in his kind invitation that we should bring our minds to bear upon this question, he did give me the opportunity to speak, however briefly, albeit I am sure cogently and to the point, on this very important issue.

Senator Thériault: Honourable senators, if my honourable friend means what he says, that he was permitted to speak and did so very briefly, I would not want to hear him at length. In fact, honourable senators, it is so simple, it is so much common sense. Parliament is governed by rules and common sense.

I repeat, if I make a motion that a certain bill be read the third time tomorrow, and if the Leader of the Government has any reason why that bill should not be read tomorrow on that motion, he will rise in his place and will explain why it should not be read tomorrow, and that is debate.

Senator Murray: Or vote against it tomorrow.

Senator Thériault: Of course, it is debatable.

Senator Ottenheimer: My honourable friend did not stimulate me that time. I am not going to reply.

Senator Sparrow: Is this motion sickness? Is that what we are talking about?

Senator Bonnell: I have been stimulated for a moment to say that, had I received an answer to my question, we could have saved a great deal of the Senate's time.

The Hon. the Speaker: Is it your pleasure then, honourable senators, that this bill be placed on the Orders of the Day for third reading at the next sitting of the Senate?

Senator Frith: We want a ruling as to whether it is a debatable motion or not.

The Hon. the Speaker: I agree with Senator Ottenheimer, and I have said that before.

Some Hon. Senators: Oh! Oh!

Senator Frith: When you talk about stimulation, this is a brand new source of stimulus.

The Hon. the Speaker: I said exactly the same thing before. It is quite clear to me. It is a procedural motion and, therefore, it is not debatable.

Senator Frith: Honourable senators, let us make it very clear that we disagree with that ruling. Unless some of my colleagues disagree, I do not feel we should have a standing vote to appeal it. I simply do not want to be confronted in the future with the argument that we accepted that ruling. If the Speaker had taken the time to check the point raised by Senator Murray as to whether this is a procedural motion—because it is not on its face a procedural motion—then I should like to hear the authorities for it.

Senator Murray:: What is it then? Is it a substantive motion?

Senator Frith: It is just a motion. As Senator Murray pointed out, they are all debatable "except". The question is whether this falls within an exception. It is an exception to an exception, really. A substantive motion is defined; a procedural motion is not. A substantive motion is defined in our rules as a motion that stands on its own and is not connected with anything else. I would not think this is a substantive motion, because it is clearly connected with this legislation.

Whether it qualifies under the exception of "procedural" is something which I hoped the Speaker would reserve upon. Frankly, I would be prepared to have the motion carry and the

bill dealt with at third reading tomorrow, but also to have the Speaker look into it a little more carefully.

● (1440)

It seems to me that the right basis upon which to hold the motion as being not debatable would be the point raised by Senator Murray. Moreover, I think that the question of whether this is really a procedural motion should be looked into, because there is no definition in the definition section of our rules.

Senator Molgat: I might add, with all due respect to my colleague Senator Ottenheimer, that rulings based on his opinion really do not hold water in this house. There are other authorities which we might consult.

The Hon. the Speaker: Honourable senators, perhaps that was a slip of the tongue, but I had said exactly what Senator Ottenheimer said. Perhaps I should not have said that I agreed with Senator Ottenheimer. I apologize for that, but I had said the same thing before.

Senator Frith says that it is not a procedural motion. If senators agree, we will do a little research after we adjourn today and I will come back with a statement tomorrow. In the meantime, will senators agree to have third reading tomorrow?

Senator Frith: As long as it is understood that what we want studied is rule 63, and more specifically, the basis upon which this is not a debatable motion under that rule.

On motion of Senator Di Nino, bill placed on the Orders of the Day for third reading at the next sitting of the Senate.

FEDERAL-PROVINCIAL FISCAL ARRANGEMENTS AND FEDERAL POST-SECONDARY EDUCATION AND HEALTH CONTRIBUTIONS 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-60, to amend the Federal-Provincial Fiscal Arrangements and Federal Post-secondary Education and Health Contributions Act.

Bill read first time.

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

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding rule 58(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. Gildas L. Molgat (Deputy Leader of the Opposition): As honourable senators are aware, our standard procedure is that we should follow the Senate rules and not give leave to proceed with bills any more quickly than what the rules provide for. There are very sound reasons for those rules. They are to permit time for preparation and reading between first and second reading. There are some very valid reasons for this procedure and that is the policy that we intend to follow.

Nevertheless, when there are special exceptions, we are prepared to look at the reasons for those exceptions. In this case my understanding is that the provincial governments are anxious to get this legislation passed because, until it passes, there is no possibility of funds moving from the federal government to the provincial governments. We know that this government has been squeezing the provincial governments as it is, and we are not anxious to be part of any further squeezing.

However, from my discussions with the Deputy Leader, it is my understanding that if we do give leave today, we will proceed tomorrow to Committee of the Whole, at which time we would have the responsible minister present to answer questions. On that understanding, and on the basis that the provinces are anxious to get this legislation, I would be prepared to give leave on this one occasion, on the understanding that there will be opportunity for speeches later this day and also tomorrow, if required, before we proceed to Committee of the Whole.

Senator Lynch-Staunton: That is agreed.

Senator Molgat: And on the understanding also that there will be no pressure by the government to proceed with any further bills, and that there will be no further bills coming from the House of Commons this week.

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

Hon. Earl A. Hastings: Did we receive a response from the Deputy Leader of the Government to the questions asked by the Deputy Leader of the Opposition?

Senator Lynch-Staunton: The schedule which Senator Molgat has outlined is the one we discussed earlier; that is, that we would ask for leave to go to second reading today and into Committee of the Whole tomorrow and hear either the Minister of Finance or the Minister of State for Finance, depending upon which one is available. As far as I know, there is no further new legislation coming here this week, but if there is, there will be no pressure put on anyone to have it passed quickly.

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

Hon. Senators: Agreed.

Motion agreed to, and bill placed on the Orders of the Day for second reading later this day.

PRIVATE BILL

NORTHWEST CANADA CONFERENCE EVANGELICAL CHURCH—BILL TO AMEND ACT OF INCORPORATION—FIRST READING

Hon. H.A. Olson moved that Bill S-9, an Act to amend the Act of incorporation of the Northwest Canada Conference Evangelical Church, be read the first time.

Bill read first time.

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

Senator Olson: Honourable senators, I move, seconded by Hon. Senator Neiman, that this bill be read the second time on Tuesday, April 14, 1992.

This is a very short bill calling for an amendment to one section of the church's present charter, and to a second clause to give a French name to the church.

The Hon. the Speaker: Honourable senators, it is moved by Senator Olson, seconded by Senator Neiman, that this bill be placed on the Orders of the Day for second reading on Tuesday next, April 14, 1992.

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

Hon. Senators: Agreed.

Motion agreed to, and bill placed on the Orders of the Day for second reading on Tuesday, April 14, 1992.

FOREIGN AFFAIRS

CORRECTION TO NOTICE OF MOTION IN *MINUTES OF THE PROCEEDINGS*

On Notices of Motions:

Hon. John B. Stewart: Honourable senators, yesterday I gave notice of a motion. That notice of motion does not appear in correct terms in the *Minutes of the Proceedings of the Senate* at page 9, notice no. 34. However, the notice that I gave yesterday does appear accurately at page 1327 of the *Debates of the Senate*.

I thought I ought to bring this matter to the attention of the Senate because when the motion is called later this day, the motion that will be moved will be the one that I gave yesterday as it appears in the *Debates of the Senate*, rather than a motion in the terms that appear in the *Minutes of the Proceedings of the Senate* of yesterday's date.

● (1450)

GOODS AND SERVICES TAX

PRESENTATION OF PETITIONS

Hon. Royce Frith (Leader of the Opposition): Honourable senators, I have the honour to present petitions signed by a number of Canadian citizens protesting the goods and services tax. They are in the same form as those that I have previously presented on behalf of other Canadian citizens protesting the GST. They ask for its repeal and for an immediate election.

Today's petitions come from Ontario, New Brunswick, Alberta, and Quebec. There are 9 from Ontario, with a total of 205 names; 1 from New Brunswick, with 23 names; 1 from Alberta, with 22 names; and 1 from Quebec with 15 names.

The cities from Ontario are Etobicoke, Mississauga and Toronto; from New Brunswick, Fredericton and Saint John; from Alberta, Falher, Girouxville, Rainbow Lake and Valleyview; and from Quebec, Chateauguay, Lemoyne, Longueuil and St-Hubert.

[*Translation*]

Hon. Jacques Hébert: Honourable senators, I have the honour to present petitions signed by 75 residents of the province of Ontario who object to the goods and services tax. Most of these petitions are from Willowdale, Toronto, Guelph and Etobicoke.

Honourable senators, I also have the honour to present petitions signed by 552 residents of the province of Ontario who object to the goods and services tax. Most of these petitions are from Etobicoke, Mississauga, Toronto, Scarborough and Oakville, adding up to a grand total of 627 Canadian citizens who took the trouble to sign these petitions, write down their addresses and ask the senators for their help in getting at least books and periodicals exempted from the GST.

This should be of special interest to Senator Chaput-Rolland who is not listening right now but who at the time shared the concerns of writers, journalists, publishers and book sellers. So we have 627 more Canadians, in addition to hundred of thousands who so far have expressed their disagreement with the GST.

[*English*]

INDIAN AFFAIRS

PRESENTATION OF PETITIONS

Hon. Len Marchand: Honourable senators, I have the honour to present a number of petitions that have been put together by the Association of Iroquois and Allied Indians of London, Ontario. The people who signed the petitions are from a number of parts of Canada: B.C., Toronto, the Big Cove reserve in New Brunswick and various other places. I did not count the signatures, but they are in the proper form. I expect there are up to 300 names on the petitions.

This group of citizens calls upon the Senate to fulfil its responsibilities to the citizens of the First Nations in Canada by taking immediate steps to rectify the deficiencies of the policy guidelines, including changes which will protect the taxation immunity of First Nation citizens both on and off reserve lands, including those citizens who do not as yet have recognized reserve lands.

QUESTION PERIOD

THE ECONOMY

EFFECTS OF GOVERNMENT POLICY—GOVERNMENT POSITION

Hon. H.A. Olson: Honourable senators, I wish to ask the Leader of the Government in the Senate if, today, he would care to take the opportunity to revise some of the impressions he tried to give yesterday with respect to the economy being on the way up. He advised me to have a look at export figures and housing starts.

I brought along a few of today's newspapers. They indicate that the recession's dark clouds linger and that forecasters agree that the condition is getting worse, not better. The forecasters who agree are the OECD, for example, the International Monetary Fund in Washington, and the World Bank. I wonder if the Honourable Minister would not like to adjust the impression he was trying to give yesterday that we are on the way up, when all the experts in the world do not agree with that view?

Hon. Lowell Murray (Leader of the Government): Honourable senators, I indicated yesterday that housing starts had increased by 12 per cent in February.

Senator Olson: Why did you allow money to be taken out of retirement funds?

Senator Murray: As a matter of fact, honourable senators, there were two factors contributing to the increase in housing starts. One, indeed, was the excellent provision in the February budget providing for the use, under certain circumstances, of RRSP funds.

Senator Perrault: A Liberal proposal, by the way.

Senator Murray: I am glad the honourable senator approves of it. The other factor, of course, is the 5 per cent downpayment provided for in an executive decision some time previous to that. People who know the housing industry and are in the housing industry have stated quite flatly that these policies and initiatives by the federal government have been strong contributing factors to the increase in housing starts.

I mentioned exports yesterday. I did not have the figures at my fingertips, but I am glad now to place on the record the fact that exports were up 5.4 per cent in January, the biggest increase in five years. I am sure the honourable senator, who is an optimist by nature, will rejoice in those statistics.

Senator Olson: The impression that the minister was trying to give yesterday, as is clear from reading *Hansard*, is that the economy is on the way up and is primarily driven by increasing economic activity in our export markets, particularly the United States. Yet, the OECD, the IMF and the World Bank have indicated there is no justification to say that the Canadian economy will improve as a result of increased activity in the world economy.

Honourable senators, I know the minister does not want to mislead Canadians. That is why I thought—

Senator Haidasz: He only believes in Statistics Canada statistics.

Senator Olson: —he should have an opportunity to correct the impression he tried to give yesterday.

Senator Murray: My honourable friend mentioned the OECD and the IMF. The fact is that the OECD, the IMF and the Conference Board of Canada have all forecast that Canada will lead the industrialized countries in economic growth this year.

Senator Haidasz: Who said so?

[Senator Olson.]

Senator Murray: None of those bodies have revised that forecast or have any reason to change it.

TAXATION

"WHERE YOUR TAX DOLLARS GO"—NUMBER AND DISTRIBUTION OF GOVERNMENT PAMPHLET

Hon. Raymond J. Perrault: Honourable senators, I have received a number of extremely angry calls from shoppers in the Greater Vancouver Area. I wanted to ask the Leader of the Government questions arising from the protests I have received.

The shoppers allege that a government publication entitled "Where your tax dollars go" is being distributed by the Oakland, California-based Safeway Company through its supermarkets on the lower mainland of Vancouver. I have a copy of the pamphlet here. It says, first of all, that all of our debt problems are because of the preceding government. It says under the program of "Transfers to Persons", honourable senators, that this generous government will ensure that unemployment insurance payments will be $17.2 billion in 1991-92, when, in fact, this government has removed itself entirely from unemployment insurance.

Hon. Lowell Murray (Leader of the Government): No, that is not accurate.

Senator Perrault: We know what happened to unemployment insurance, that the burden has been placed on the backs of the workers and the backs of the companies.

This pamphlet boasts about increased child benefits. It says that the GST is designed to help the poor people of Canada.

Senator Haidasz: Who said that, Statistics Canada?

Senator Perrault: The whole thing is a shocking, blatant distortion of the facts. It is not to the credit of this government to issue this kind of tawdry propaganda at this time. It is not even on recycled paper, for heaven's sake! Surely the government has a responsibility to tell the truth.

These are the questions that I ask the Leader of the Government: How many copies of this pamphlet, "Where your tax dollars go", have been printed? How are they being distributed? How many have been dumped in the Safeway stores in the Greater Vancouver Area? Are there any other supermarkets in on this public relations caper? I would like to know that.

● (1500)

Furthermore, how much did this pamphlet cost? We are told that the government wants to save the taxpayer money and help the poor, benighted workers of this country. How much did this pamphlet cost and under whose authority was it distributed? What right does the government have to issue false propaganda? The late, unlamented *Pravda* matched this level of intellectual integrity.

The pamphlet states:

> After almost two decades in which the debt has grown sharply . . . the tide will turn next year as the economy begins to grow faster than the debt . . . ..

A debt that took decades to build—

It also refers to "this hard-working government", and so on. For heaven's sake, this is nothing but propaganda. Even if the government had suggested that the Official Opposition and other opposition parties should have the same distribution access to the shares owned by this American company, one could say that at least they want all sides to be heard. But this thing flies in the face of the facts. It is almost juvenile in its attempt to persuade shoppers that this government is working in their interests.

Those are my questions. I hope the Leader of the Government has taken them down. First, how many copies were made, and second, where is the distribution taking place?

Incidentally, they have a section in here—and Senator Olson and my other Alberta colleagues will be interested to hear this—where they are saying, in effect, that they are working to make the rich provinces pay their "fair share". It mentions "rich provinces". It mentions Alberta and B.C. as rich provinces. The pamphlet also states that they have restrained the salaries for senators. That is one of the claims that is being made for the government. Well, they are certainly doing that.

The pamphlet also states:

> Equalization funding helps lower-income provinces to provide public services—including health care and post-secondary education—that are comparable with those in richer provinces. All but three provinces—Alberta, British Columbia and Ontario—receive equalization payments.

Perhaps that phrase slipped into the western edition of this pamphlet and was not meant to be distributed to western readers. It does not say that there is a high level of unemployment in the province of British Columbia and that in some of our communities there is over 40 per cent unemployment. Yet you have capped the Canada Assistance Plan at five per cent. With thousands of people coming in from all over Canada, seeking ways to make a living, the government has been totally unfair in its treatment of the two western provinces in this particular instance.

Senator Murray: Honourable senators, the honourable senator is mixing up several initiatives. First, there are the equalization payments which do not go—and have not gone for a long time, if they ever went—to the provinces of Alberta, British Columbia and Ontario.

Senator Perrault: I read directly from the pamphlet.

Senator Murray: Yes, I appreciate that.

In the same breath, the honourable senator is discussing a bill which passed in this place within the past week or so, involving a cap of five per cent on annual increases to payments to the provinces under the Canada Assistance Plan, those provinces that are not recipients of equalization.

In the course of his presentation, the honourable senator asked several precise questions. I did not take notes of them but the *Hansard* reporter has done so. I will see to it that replies are brought in in due course.

Senator Perrault: I have an additional question: Did the government at some point contact Safeway Corporation of Oakland, California and say, "Will you please distribute this government material for us," or did the request come from the California, U.S.-based and owned corporation that they wanted to help distribute materials to assist the government? These are important facts to know.

Whose initiative resulted in these things being located in the information racks in certain supermarkets?

Senator Murray: Honourable senators, I shall make enquiries as to what the arrangements are for distribution of those materials.

THE CONSTITUTION

BEAUDOIN-DOBBIE REPORT—TELEVISION ADVERTISING—ACCURACY OF REPRESENTATIONS

Hon. Joyce Fairbairn: Honourable senators, I should like to ask a question of the Leader of the Government in the Senate. To begin with, this is a follow-up on questions that were asked yesterday by Senator Molgat concerning a television ad that is being aired currently recommending that people phone in and inform themselves of the contents of the Beaudoin-Dobbie Committee Report, the report of the Special Joint Committee of the House of Commons and Senate on a Renewed Canada.

The government leader undertook yesterday to get for Senator Molgat information on the budget, the stations and the frequency with which the commercials are being used. I should like to ask him if he could also provide us with the text of the commercial.

I was watching television last night and the commercial whizzed by. I was somewhat startled to note that it described the report as a unanimous report of the committee. It then went on to list the various points that came out of the committee report on aboriginal rights, distinct society, and other subjects. It also mentioned Senate reform, which caused me to perk up my ears because, as all honourable senators will know, the unanimity of the report was subject to the expressed dissents on various issues contained within it.

This is important on the subject of Senate reform because the Liberal members of that committee very explicitly made a dissenting comment on a critically important section of those recommendations. That section concerned references to the effectiveness of the Senate and a recommendation by the committee that, in the case of a deadlock on normal bills, the House of Commons should be able to override a Senate veto.

The dissent from the Liberal members was quite specific, which is what caused me anxiety in seeing this advertisement on television last night. Just to make it clear again on the record of this house, I should like to read the three pertinent paragraphs from the report of the Special Joint Committee on a Renewed Canada, which specifically note:

> The Liberal members of the Committee believe that a fundamental objective of Senate reform is to provide a more effective control of the Executive.

> The Liberal members of the committee disagree with the majority recommendation concerning the powers of the Senate because of the proposed House of Commons override of a Senate veto of legislation. Such an override will undermine the effectiveness of a reformed Senate.
>
> Therefore, the Liberal members of the Committee recommend that a reformed Senate be granted an absolute veto on all bills, except for appropriation and budget bills for which a 30 day and a 180 day suspensive veto respectively would apply, after which period the appropriation or budget bill could be passed in the House by a simple majority.

Clearly, this statement in no way falls under the heading of unanimity.

● (1510)

First of all, can the government leader get us the text of that ad so we can have a closer look at it? Secondly, can he perhaps draw to the attention of the people in the federal-provincial affairs office of the Privy Council that this ad, in this instance at any rate, could quite rightly be viewed as misleading.

Hon. Lowell Murray (Leader of the Government): Honourable senators, I will be glad to obtain a copy of the text of the ad. I recall seeing it. I have no recollection that the ad attributed to any party or honourable senator views that they did not express. My recollection of the ad is that, while it did refer to a unanimous report, it simply mentioned some of the subjects that were dealt with in the report. I hope the drafters were as careful as I am sure they tried to be, but I shall bring it in so that we can both have a look at it and have a further discussion at that time.

BEAUDOIN-DOBBIE REPORT—RELATION TO CONTENT OF NATIONAL REFERENDUM—GOVERNMENT POSITION

Hon. Joyce Fairbairn: Thank you. As we all know, with television the perception of the juxtaposition of these statements could in itself create an impression that is not accurate. That leads me to my next point. Again, it centers on the committee report.

I want to ask the government leader a couple of questions about recent statements by the Prime Minister this week regarding his interest in what was a proposal by our party last fall, a national referendum as a means of giving Canadians the opportunity to express themselves on a package that the government presumably will be coming out with shortly after May.

The Prime Minister has been very glowing in his comments about the joint committee report. In fact, he has talked about it as perhaps the most outstanding document on constitutional issues in 125 years. Having heard his comments, one would believe that, in part at least, the package that he and his cabinet will be bringing together and that might form the basis of a referendum question will be influenced by this report that he views so highly.

Therefore, it was with growing concern in the past few days that I noticed comments from both the chairpersons of the joint committee on the work that that committee has produced. On the one hand, Senator Beaudoin himself is reported as saying to journalists that he is now part of a new committee of Conservative members and senators who are looking into improving the report in terms of its approach to Quebec. They have been studying a document that goes over all the interests of Quebec that have been stated since 1936, he said. He added, "We are trying to see how the package can be brought closer to the pulse of Quebec."

I contrast that comment with his co-chair's comments of a few days ago. Mrs. Dobbie talked particularly about the Senate and what the report said about the Senate. She suggested that in any final package Senate reform should be entrenched as essential, but the consultation about it should be put off for a three- to five- year period. To quote from the *Globe and Mail* of March 27.

> "The parliamentary committee's senate-reform proposals, including elected but proportional representation and limited power, were a throw-away forged in haste and fatique," Mrs. Dobbie said, adding that the committee itself doubted the effectiveness of the proposals.

My question to the government leader in the Senate is really an obvious one. If we are to have a referendum, the contents of that question are of absolutely fundamental importance to every region of this country. Given the comments that have been made about the report, particularly as it refers to Senate proposals, could the government leader assure this house that the views of Mrs. Dobbie and the recommendations as they stand in that committee report, over which she has cast a very dark cloud, will certainly not be the foundation of a referendum question, because, as the honourable leader knows, that will not provide a fair opportunity to people in the regions in the east and west of this country to express themselves in favour of Canada.

Hon. Lowell Murray (Leader of the Government): Honourable senators, first of all, I believe that the report of the joint committee is an excellent report, and I would have said so had I taken part in the discussion on it in this chamber. The Prime Minister has said, in as many words, that it is an excellent report. We have never regarded it as anything more than another step in a process.

Is the cabinet being influenced by it? Of course we are, as we are being influenced by discussions that are under way principally between Mr. Clark and his provincial counterparts. On the basis of the Beaudoin-Dobbie Report and the discussions with the provinces, we will, at some point before the end of May, I trust, have an official position to put forward on behalf of the government, which, we hope, will also have the support of a good number of provinces and, of course, of a majority of the Canadian people.

As for the referendum, it is true that the idea of a consultation with the Canadian people has been put forth, whether it be by referendum or plebiscite. My friend's political party has advocated that for some months. As I pointed out the other day in the Senate, we had stated our policy in the Speech from

the Throne that opened this session, when we said that legislation would be placed before Parliament to provide for a public consultation on these matters. With respect to Mrs. Dobbie's statements, the honourable senator knows that I am not responsible for those. She is not a member of the cabinet. She is quite free to express her personal opinions on these matters, as I am sure she is doing.

As for the question that might be put in a referendum, and indeed whether it is a referendum or plebiscite or some other national consultation, these are matters to which the government is now giving its consideration.

Senator Fairbairn: Honourable senators, I would like to re-emphasize to the Leader of the Government in the Senate that, as he and his colleagues and the Prime Minister are being influenced by the report, may they also be influenced by the context in which one of the co-chairs of the committee has placed significant recommendations concerning Senate reform and the kind of changes that should take place in this Parliament.

● (1520)

If indeed the co-chair of the committee regards these recommendations as a throw-away concluded in haste and fatigue, and that the committee itself did not have confidence in the effectiveness of those recommendations, surely that context must influence the considerations of the Cabinet as it uses this report on which to base some of its conclusions or its suggestions.

Senator Murray: We heard a fair bit during the debate on this report about the presence of haste and fatigue; we heard it from Senator MacEachen in his intervention. Clearly there are contrary views to those expressed by Mrs. Dobbie. My honourable friend expresses some of these contrary views and these, too, will be given every consideration.

FORESTRY

POSSIBLE REMOVAL OF U.S. DUTY ON CANADIAN LUMBER EXPORTS

Hon. Raymond J. Perrault: Honourable senators, with regard to the serious problems facing our forestry industry in Canada, a report appeared yesterday in the media to the effect that a number of members of the U.S. Congress, moved, as they suggested, by a spirit of generosity, stated that if we would allow Canadian logs to be exported to the United States, they would consider removing the ludicrous and unfair duty which they have slapped on Canadian lumber exports.

Have there been any official communications with the United States regarding this exotic proposal, bearing in mind that the Americans do not allow exports of their own logs?

Hon. Lowell Murray (Leader of the Government): Honourable senators, we have not replied in any formal manner to that proposition. Let me simply say that I agree with the honourable senator. Our intention is to fight this matter at the United States Commerce Department and at the International Trade Commission where it now is. We will take it to the GATT, if necessary. We will use the dispute settlement mechanisms of the free trade agreement, if necessary. We intend to fight it and we are confident we will win.

Senator Perrault: I welcome that statement by the Leader of the Government in the Senate. It is of enormous importance to our industry.

SOUTH AFRICA

REMOVAL OF SANCTIONS—GOVERNMENT POLICY

Hon. Stanley Haidasz: Honourable senators, on television last night we saw that the Secretary of State for External Affairs—with her attractive new hairdo—had travelled first-class to Cape Town and met Nelson Mandela. She also met with President de Klerk and apparently stated that Canada would not follow the European Community by lifting the embargo on oil and other products.

Can the Leader of the Government in the Senate tell us why the Canadian government is still waiting to lift the embargo on products to South Africa?

Hon. Lowell Murray (Leader of the Government): Honourable senators, that same question—without the gratuitous, insulting and sexist references to the minister's hairdo—was put by another senator yesterday, and I answered it.

The answer to the question, in short, is that we are not removing sanctions until the criteria established by the Commonwealth nations some months ago are fully respected.

MACEDONIA

RECOGNITION OF INDEPENDENCE

Hon. Stanley Haidasz: While the Secretary of State for External Affairs was in Cape Town, we also heard that Canada has approved the independence of Bosnia-Herzegovina and will be exchanging diplomatic relations with that country.

Can the Leader of the Government in the Senate tell us why the government has still not approved the request from Macedonia for diplomatic recognition of its independence?

Hon. Lowell Murray (Leader of the Government): Honourable senators, I will ask for a status report on that matter from my colleague.

NATIONAL FINANCE

RELATION OF INTEREST RATES TO NATIONAL DEBT SERVICE CHARGES

Hon. H.A. Olson: Honourable senators, Mr. Don Drummond, who is the Director of Fiscal Policy with the federal Department of Finance, has said that there is room in the Canadian economy for further declines in short-term interest rates. He states:

> We do think that there is further scope for interest rates to fall.

He went on to explain that he did not know whether this would happen with interest rates, a decline in the Canadian dollar, or a combination of both.

I would ask the minister if he could give a commitment that the government will stay out of the way and let those declines take place, in order that the debt service charges paid by many Canadians can go down?

Senator Simard: And inflation go up.

Hon. Lowell Murray (Leader of the Government): Honourable senators, the Bank of Canada is the monetary authority in this country.

Senator Olson: Is it not responsible to the government?

Senator Murray: The honourable senator knows what the provisions are of the act. He also knows that the Bank of Canada intervenes to ensure a steady and stable market.

What the official from the Department of Finance was referring to, I am sure, is the encouragement that we received from recent experience in this connection: Interest rates have declined in the last three weeks; the bank rate, which fell another 8 basis points last week, has dropped more than 40 basis points in the last three weeks; short-term interest rates have fallen more than 6.5 percentage points since May 1990. Inflation was 1.7 per cent in February, one of its lowest levels in 20 years and, as I have pointed out on many occasions, the lowest rate of inflation among all the major industrialized countries.

What the official from the Department of Finance was stating, in a quite dispassionate and non-political way, is that the government is on the right track.

Senator Olson: I thank the honourable Leader of the Government in the Senate for the information. However, the question was: Will the government stay out of the way and let those declines take place?

Senator Murray: The recent experience should surely encourage the honourable senator.

[*Translation*]

SOCIAL AFFAIRS, SCIENCE AND TECHNOLOGY

NOTICE OF MOTION TO AUTHORIZE COMMITTEE TO ENGAGE SERVICES

Leave having been given to revert to Notices of Motions.

Hon. Paul David: Honourable senators, I give notice that on Thursday, April 9, 1992, I will move:

> That, the Standing Senate Committee on Social Affairs, Science and Technology have the power to engage the services of such counsel and technical, clerical and other personnel as may be necessary for the purpose of its examination and consideration of such bills, subject-matters of bills and estimates as are referred to it.

[*English*]

DELAYED ANSWERS TO ORAL QUESTIONS

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, I have delayed answers to three questions from four senators—the same question was asked twice on March 17 and 18 by Senator Frith and Senator Fairbairn regarding the Court Challenges Program: a question asked by Senator Kenny regarding Wood Buffalo National Park on March 24; and one by Senator Marsden on April 7 regarding the Copyright Act.

[Senator Olson.]

JUSTICE

CANCELLATION OF COURT CHALLENGES PROGRAM—GOVERNMENT POSITION

(*Response to question raised by the Hon. Royce Frith on March 17, 1992 and by the Hon. Joyce Fairbairn on March 18, 1992*)

April 2, 1992

Dear Ms. Wilson:

Thank you for your correspondence expressing your concerns about the termination of the Court Challenges Program.

The responsibility for the Court Challenges Program rests with the Department of Multiculturalism and Citizenship. The role of the Department of Justice is to provide policy and legal advice to the Department of Multiculturalism and Citizenship, as it does to all other Government departments, when requested to do so.

In times of fiscal restraint, difficult and unpopular decisions must be made by governments. It is with regret that this government announced its decision to terminate the Court Challenges Program.

Please be assured that, as Attorney General of Canada, I will continue to monitor federal legislative and regulatory proposals to ensure their compliance with the *Canadian Charter of Rights and Freedom*.

Thank you for taking the time to bring your concerns to my attention.

Yours sincerely,

A. KIM CAMPBELL

WORLD CONSERVATION

WOOD BUFFALO NATIONAL PARK—ENVIRONMENTAL EFFECTS OF BENNETT DAM

(*Response to question raised by Hon. Colin Kenny on March 24, 1992*)

A recent study identifies Bennett Dam as the major, but not sole, factor contributing to a drying trend in the Peace-Athabasca Delta. A re-charging of the delta can occur naturally through a major Peace River flood or a major ice jam on the Peace River, such as that which occurred at the Town of Peace River in February 1992; otherwise, a gated control structure on the outlet of Lake Athabasca would be needed. Environment Canada staff, in cooperation with other federal and provincial government agencies and local residents, are continuing analysis of hydraulic and biological changes and their causes. A

study of potential mitigating measures will be initiated later this year.

Presently, there are no discussions taking place with B.C. Hydro regarding the Peace-Athabasca Delta. Discussions are underway with the Government of British Columbia with respect to a Mackenzie River Basin Master Agreement. If an agreement is reached, the delta is certainly an area that could be addressed.

COPYRIGHT

STATUS OF PROPOSED LEGISLATION

(*Response to question raised by Hon. Lorna Marsden on April 7, 1992*)

The drafting process has begun on legislation regarding changes to the *Copyright Act*. Because of the complex nature of the proposed legislation, public consultations are taking place as the bill is being drafted.

This process, while necessary, is delaying the introduction of the legislation into Parliament. At this time, it is not possible to accurately predict when it will be introduced.

[*Translation*]

BORROWING AUTHORITY BILL, 1992-93

THIRD READING—DEBATE ADJOURNED

Hon. C. William Doody moved the third reading of Bill C-61, an Act to provide borrowing authority for the fiscal year commencing on April 1, 1992.

Hon. Fernand Leblanc (Saurel): Honourable senators, I am not concerned about the substance of Bill C-61, but I simply want to draw your attention to the fact that in the other place, a royal recommendation accompanied the bill at the first reading stage.

Bill C-61 authorizes the government to borrow money. It is not about the appropriation of funds. The royal recommendation which accompanied the bill reads as follows:

> His Excellency the Governor General recommends to the House of Commons the appropriation of public revenue under the circumstances, in the manner and for the purposes set out in a measure entitled "An Act to provide borrowing authority for the fiscal year commencing on April 1, 1992.

However, no appropriation of public revenue is required for the purposes set out in the bill. In fact, interest payments on the amounts to be borrowed are statutory expenditures that do not require appropriation. All administrative or other spending that is not statutory and which is associated with the issue of securities or bonds is covered by the Estimates of the Department of Finance.

Honourable senators are aware that in February 1990, the National Finance Committee tabled a report in the Senate under the heading: The Form of the Royal Recommendation. In its report, the committee said that the form used since 1968, and I quote:

> . . . .does not serve to make clear what, if any appropriations the ministers are seeking by bills tp which royal recommendations are appended.

This comment appears at page 7 of our report.

When he appeared before the committee on Thursday, April 2, to defend Bill C-61, the Minister of State (Finance and Privatization) and his officials were at a loss to explain why the bill was accompanied by a royal recommendation on first reading.

In 1989, when our committee considered the matter of these recommendations, the Chief Legislative Counsel of the Department of Justice, who had been invited to appear before the committee, admitted that he and his colleagues tended to err on the side of safety when they had to decide whether a royal recommendation was necessary in the case of a particular bill. It seems that in the case of Bill C-61, officials once again "erred on the side of safety" since I doubt this bill should have been accompanied by a royal recommendation.

Nevertheless, these comments should not be seen as grounds for rejecting the bill on third reading.

Thank you, honourable senators.

● (1530)

[*English*]

Hon. Allan J. MacEachen: Honourable senators, I should like to take the opportunity provided by the Borrowing Authority Bill, 1992-93, to revive a subject which I have dealt with on earlier occasions, namely Canada's foreign indebtedness and its significance to the management of the economy. In fact, what I have to say might assist honourable members in reaching a conclusion for themselves on the question posed a moment ago by Senator Olson asking the Leader of the Government whether the government would have the latitude to permit, without intervention, decreases in the interest rates. I will argue that the growth of our foreign indebtedness, and particularly the growth of borrowing abroad by governments in Canada, has a considerable significance for the management of the economy and also for the assurance with which one can approach the inevitability and the reliability of future decreases in interest rates.

I am sure honourable members will have forgotten that on April 9 last year I spoke on the third reading of Bill C-93, an Act to amend the *Bretton Woods and Related Agreements Act*, and on that occasion I expressed concerns over Canada's growing international indebtedness.

Honourable members may also have forgotten that my concern went back as far as 1989, when I raised the subject based upon facts contained in a government publication entitled *Canada's Economic Prospects for the 1990s*. That document brought to our attention the fact that Canada's international indebtedness, its gross national debt, was estimated to have risen to over 38 per cent of gross domestic product in 1988 from 35 per cent in 1985. At the end of 1991, Canada's net liability position reached $270 billion, or almost 40 per

cent of GDP. The gross foreign liability position or indebtedness was $490 billion, or 72 per cent of GDP. These figures are considerably worse than the ones I estimated last year.

The Bank of Canada figures on the capital account reveal net increases of Canadian liabilities to nonresidents rising from $24.8 billion in 1986 to $34.2 billion in 1989, to $32.7 billion in 1990, and to $32 billion in the first three-quarters of last year. That is according to the Bank of Canada Review, February, 1992. Honourable senators will note these are net increases in liabilities.

As I said in my speech of last April 9, the use of foreign capital to finance economic investment in Canada is a positive feature of our history. However, as I pointed out at the same time, the trend has been for direct investment to decline relative to portfolio investment, for re-invested earnings to decline relative to new direct investment, and for new business and expansion to decline relative to foreign acquisition. I hope these trends which amount to a deterioration of the quality of foreign investment in Canada are being reversed; however, I have not found any evidence to justify that conclusion.

Looking, for instance, at transactions with nonresidents for the past three years both in Canadian bonds and in Canadian stocks, one is struck by the imbalance between the two of them. The net purchase of Canadian bonds by nonresidents amounted to $17.2 billion in 1989, $13.4 billion in 1990, and a whopping $26.4 billion in 1991.

● (1540)

The equivalent figures for Canadians stocks are particularly interesting when one puts them in the face of the figures I have mentioned for bonds. The equivalent figures are as follows: $3.8 billion in 1989; minus $1.7 billion in 1990; and minus $1.0 billion in 1991. In brief, nonresidents in the past two years have been selling out Canadian stocks while making massive purchases of Canadian bonds.

Let me add to these figures transactions with nonresidents on money market paper so as to give you a global view of transactions with foreigners in Canadian securities. The figure for 1989 is a $22.3 billion inflow; for 1990, $17.2 billion; and for 1991, a total inflow of $29.2 billion.

Let me complicate the picture by adding another aspect. These transactions in Canadian securities with foreigners should also be seen in the light of transactions by Canadians which are generating an outward flow of capital. My attention was caught, honourable senators, by a Bank of Nova Scotia report mentioned in the *Financial Post* of March 23 of this year, according to which Canadians shifted out of Canada $8.4 billion of their savings into liquid assets last year—four times the 1990 amount. Of these $8.4 billion, some $4.8 billion moved into foreign stocks, prompted, according to the bank, by the comparatively weak corporate earnings performance in Canada. Almost $1 billion went into foreign bonds, and some $2.5 billion moved into bank deposits which, again according to the bank, "... may reflect the opening of accounts by the growing number of firms which have moved their operations south of the border."

[Senator MacEachen.]

Whatever analysis one applies, one must admit that $8.4 billion is a considerable movement of capital into stocks and bank deposits by Canadians in a single year.

I leave it to senators, many of whom are quite competent, to speculate on the causes of such significant movements in Canada's international transactions in securities. However, I venture to say that the level of interest rates, interest rate differentials and the prospects for the Canadian economy are matters which presumably weigh on the minds of foreign investors.

I should add that in order to pass a considered judgment it is also appropriate to look at the share of those inward movements of foreign capital which is absorbed by government sector financing. How much of the inflow of capital is being used up in Canada by governments, including the provincial governments and the federal government?

As we know, the financial resources going to the government sector are used to finance current or past consumption, and are therefore sterile in terms of economic development. Their medium- and long-term effect is to pile up foreign indebtedness.

One would have to examine also what inflow, if any, of this foreign capital absorbed by provincial governments was used for capital investment. I do not know what that could be, but it is certainly not, in the case of the Government of Canada, used for capital investment.

Last April, I drew attention to the fact that the share of foreign savings used to offset the government sector deficit has been climbing in recent years. We are using in Canada the savings of foreigners to offset government deficits, and that has been climbing. Expressed as a percentage of the GDP, it was 1.7 per cent in 1988; 2.9 per cent in 1989; and 3.3 per cent in 1990. It is expected to be 3.8 per cent in 1991.

Just to put these last two figures into perspective, the government in its 1989 publication entitled, "Canada's Economic Prospects in the 1990s", predicted a figure of 1.7 per cent for 1990. That was quite wrong. As I just indicated, it turned out to be 3.3 per cent.

Also predicted was an average of 1 per cent for 1991-94 which hardly seems to be achievable now. Obviously, the trend has not yet been turned around, and the government has not improved its credibility in the eyes of foreign investors by making such wild predictions which, in this sector, as in others, have turned out to be wrong.

I also believe, honourable senators, that the trend is confirmed by figures on net transactions with non-residents in Canadian bonds for both the government sector as a whole and for the Government of Canada. In the last three years, transactions with non-residents by the total government sector amounted to $11.6 billion in 1989, something which I talked about several years ago. It was $11.2 billion in 1990; and an extraordinary $24 billion in 1991. The total government sector in 1991 drew in $24 billion in the form of savings of foreigners—not Canadians—in order to finance its operations, to put it generally.

For the Government of Canada alone, the figures are $9.8 billion in 1989; $6.8 billion in 1990; and $6 billion in 1991. If we compare this last set of figures on Government of Canada transactions with the net capital inflow on the capital account of the balance of payments, we can see that the share of federal borrowing abroad accounted for 39 per cent of the total net inflow of capital in 1989. The share declined to 24 per cent in 1990, and to 17 per cent in 1991.

The available figures for last year are the most striking, as they indicate a huge surge in foreign borrowing by levels of government other than the federal government. The total volume is $24 billion. Of course, this raises a number of questions to which I will return in a moment.

I should point out now that with federal government financial requirements, that is, the amount of money which the Government of Canada must raise in order to finance its shortfalls in any year, amounting to $21.6 billion in 1991-92 and $19.7 billion in 1992-93, about a third to half of these requirements are likely to be met by foreign borrowing if the present pattern is maintained.

● (1550)

If we take the year with the largest federal government exposure, which I think was close to $9.8 billion, and in that year, if the deficit were $30 billion which it roughly turned out to be, then we were financing one-third of the deficit by foreign borrowings—by the savings of foreigners, not by the savings of Canadians, which is a different matter.

The Hon. the Speaker: Honourable senators, according to our rules, the time is up. As usual, if you want to extend the courtesy to Senator MacEachen, you may grant leave for him to continue. Is it agreed?

Hon. Senators: Agreed.

Senator MacEachen: By way of summation, honourable senators, I have so far dealt with Canada's liabilities to foreigners by looking at inward and outward flows of capital starting with figures from the capital account of the balance of payments and breaking them down into their various components to bring out, in particular, the share absorbed by the government sector and by the Government of Canada, because I thought that the government sector would be of particular interest to honourable senators.

I would want to conclude this overview with a few additional figures on outstanding foreign liabilities, or, in other words, the stock of debt resulting from cumulative yearly flows. My figures come from the Statistics Canada publication entitled, "Canada's Investment Position in 1991" which became available last week.

At the end of 1991, Canada's gross liabilities were estimated to reach $490 billion. That is close to half a trillion dollars, which represents 72 per cent of GDP.

Canada's international assets were estimated to reach $220 billion at the end of 1991. Canada's net liability position—that is, its gross liability position less international assets—was $270 billion based on book value. As I pointed out earlier, this is almost 40 per cent of gross domestic product.

Whichever way we look at it, we have to conclude that Canada has joined the ranks of the most heavily indebted countries in the world.

Let me put these startling figures in perspective by giving you some corresponding figures, let's say, for 1983. Canada's gross international liability position was under $250 billion; its net liability position was under $100 billion. With a balance of payments surplus on current account, we were actually reimbursing foreign indebtedness.

Let me refer to the statement that was made in the government publication in 1989 on this point, in which they said that at the present time they were borrowing heavily abroad, not only for other reasons but for government operations. Last year it was in the amount of well over $20 billion.

In an earlier period, according to this document, the level of net private domestic savings was, in fact, high enough not only to finance government deficits but also to turn Canada into a net supplier of funds to the rest of the world. That is, Canadian excess savings flowed to other countries. The current account was in surplus. That is why I say, with a balance of payments surplus on current account, we were actually reimbursing our foreign indebtedness. That, of course, has changed. In eight years, our foreign debt has roughly doubled.

The picture is even more disquieting if one looks at the composition of that foreign debt. In 1985, the first full year of Conservative government, direct foreign investment in Canada amounted to $87 billion. In 1991, direct foreign investment amounted to $125 billion, an increase of $38 billion. Considering that this is the most productive form of investment, one should describe this increase as quite modest. Let me contrast this figure with figures of stocks, bonds, and other debts of corporations and governments held by nonresidents.

In 1985, the liability position under this heading amounted to about $127 billion. In 1991, the corresponding figure was $282 billion, an increase of $155 billion, which is by no means modest. The increase in government foreign liabilities tells the story. In 1985, government sector liabilities held by nonresidents amounted to $63.8 billion; in 1991, the amount reached over $154.6 billion, a $91 billion increase, more than double the increase in direct foreign investment. The total federal liability increased from $27 billion in 1985 to $82 billion in 1991, an increase of $55 billion in eight years.

Maybe at this point it is appropriate to quote the following observation from the 1990 budget papers:

> Government deficits increase our liabilities to foreigners and lower our prospective standard of living.

That is so because we not only have to pay an annual service payment on this federal government liability of $82 billion in 1991, but at a certain point, we have to pay off the principle. That has quite a different effect on the economy and on Canada than a debt held in Canada in which the service payment is paid to Canadians and in which the principle itself is paid to Canadians. That is why, in the government's 1990 budget papers, the document states, "Government deficits

increase our liabilities to foreigners and lower our prospective standard of living."

In his analysis of the budget, the Leader of the Government stated that the fundamentals were right, that because interest rates are decreasing and because inflation has decreased, we are fundamentally and solidly based for a strong recovery. I believe that the Leader of the Government has overlooked a number of other items in the equation which question very seriously the assertion that the fundamentals are right.

● (1600)

Some of the fundamentals are not right. In my view the Canadian economy is highly vulnerable and the government has not addressed some of the basic imbalances that were building up in the second half of the 1980s. We know that the fiscal and monetary policy pursued by the government brought the economy to a halt and that monetary and fiscal policy is not contributing very much to recovery. We know that the fiscal policy has failed to break the back of recurring budget deficits at levels which the former Minister of Finance himself recognized as being unsustainable. In the meantime, the government has added to the problem by building up very sizeable foreign indebtedness on its own accounts. In my view the result, namely its proclaimed achievements—lower interest rates and inflation rates—may rest on a very fragile foundation. A combination of lower interest rates, a sagging recovery, persistent budget deficits and an overhanging external debt of growing magnitude will drive down the value of the Canadian dollar. This indeed has already occurred.

At some point the Bank of Canada will have to decide whether, with a depreciating exchange rate, inflation is being imported at an unacceptable rate. If so, the interest rate will have to be raised to keep on target with inflation. Or the interest rate may have to be raised to defend the Canadian dollar and to keep up an adequate flow of foreign savings into Canada given the dependence of the government sector. A higher interest rate, for whatever reason, will hurt recovery.

We have, in my view, been very fortunate that the Canadian dollar has not yet been targeted for international speculation. I leave it to you to judge for yourself the contribution which a massive inflow of more than $29 billion of foreign savings must have made to slow down the move of the Canadian dollar toward a lower exchange rate. Twenty-nine billion dollars flowing into the country each year requiring the purchase of Canadian dollars would have no effect except to strengthen the Canadian dollar and militate against a lower exchange rate. I also leave to you to judge the significance of an $8.4 billion outward flow of Canadian savings in 1991. That is just last year. Given the speed at which capital moves internationally, I think that these flows deserve our attention. And that is all I am trying to do. I am trying to attract attention and maybe provoke some debate on what all of this means for Canada, because it is a change. Our reliance on foreign borrowing, particularly in the government sector, in the last eight years, shall I say, has to be recognized and we are justified in asking a few questions on the management by the government of Canada's fast growing international indebtedness.

[Senator MacEachen.]

One question that occurred to me as I looked at this problem is why the government financed such a large share of its budget deficit out of foreign savings rather than domestic savings. Why did we go abroad to borrow so much? Was it to reduce its own access to our domestic money market under pressure from the private sector? Did the private sector say, "Leave Canadian savings to us and you go a broad"? What was the reasoning behind the government's activity? Did it have a choice? Was it the attraction of interest rates abroad? Was it to help the Governor of the Bank of Canada defend the Canadian dollar or maintain a high exchange rate? Was it a byproduct of the government's high interest rate policy? Is the Governor of the Bank of Canada happy with what he describes in the bank's 1991 annual report as "the widening appetite around the world for investments in Canadian dollars"? Is he happy with that, especially when most of it is in the form of non-direct investment in the form of bonds and so on?

These are some quite interesting questions. Is the Government of Canada concerned with the recent spectacular accumulation of foreign debts by other levels of government in Canada? Why are the other levels going abroad for the billions and billions of dollars? Is that good? Does the government think it is good? Has it provided any leadership? Has the Governor of the Bank of Canada and the Minister of Finance suggested to the provinces that they talk about this and discuss whether it is a good thing or a bad thing and how they are going to discharge their obligations in the future?

I sense that we have a problem building up here but I do not have the answers to these questions. I hope that they are available and that they can be made available so that we can have a better understanding of what goes on.

We are all aware of the importance of consumer and foreign investment confidence as key factors in Canadian economic recovery. I am not going to add to the problems by making gloomy forecasts, but I have raised signals in the Senate about this growing foreign indebtedness. I have searched the documents put out by the Minister of Finance and I did not find a word on this great upsurge in government sector borrowing abroad last year. Why did it come about and why is it being sustained? Certainly my comments have gone unheeded and the result is that our fiscal policy has become increasingly immobilized as an instrument of sound macro-economic management and that pending an upturn in the world economy, the Canadian economy has to adjust in the worst possible circumstances with the economic, social and human costs all too familiar to us.

Out of sensitivity to those who have given me extra time, I will conclude at that point and say that I would like to make some further comments on some other aspects of the economic situation under another heading.

I do invite honourable senators to look at some of the comments which I have made. If I have fallen into error I would like to be shown the error of my ways, which would reduce some of the apprehension I feel about certain aspects of the Canadian situation today, particularly what the future

holds in view of our growing indebtedness abroad, especially in the government sector.

● (1610)

Hon. Finlay MacDonald: Senator MacEachen, I have a brief question, because trying to keep track of your statistics is difficult. Do you have any figures which refer to government sector borrowing abroad, federal versus provincial? Did that pass me by somewhere? Did you give those figures?

Senator MacEachen: Yes, I have given the global government sector borrowing abroad, and I have broken that down to give the federal government sector. Both of those figures were in my statement.

Senator MacDonald: Are they readily available? Could you repeat those?

Senator MacEachen: In the last three years, the total government sector amounted to $11.6 billion in 1989, $11.2 billion in 1990, and $24 billion in 1991. For the Government of Canada, the comparable figures for each of those years are $9.8 billion, $6.8 billion and $6 billion. When you compare $6 billion with $24 billion, you see what a great explosion there has been in borrowing abroad by the non-federal government sector. It is all part of our foreign indebtedness.

Senator Lynch-Staunton: Quebec Hydro is a major borrower.

Senator MacEachen: If it were all capital development, one would have less concern, but I have not been able to figure that out yet.

On motion of Senator Molgat, debate adjourned.

FEDERAL-PROVINCIAL FISCAL ARRANGEMENTS AND FEDERAL POST-SECONDARY EDUCATION AND HEALTH CONTRIBUTIONS ACT

BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

Hon. John Lynch-Staunton (Deputy Leader of the Government) moved second reading of bill C-60, to amend the Federal-Provincial Fiscal Arrangements and Federal Post-Secondary Education and Health Contributions Act.

He said: Honourable senators, there are two major sections to Bill C-60: Equalization renewal and improvement of tax administration. I want to touch on each one separately and briefly, beginning with equalization renewal.

The commitment to equalization payments exists so as to enable provincial governments to provide reasonably comparable levels of public services at reasonably comparable levels of taxation. In 1992-93, the government will provide about $8.5 billion in equalization for the less wealthy provinces.

In renewing the equalization program, this bill provides a number of improvements, especially when one considers the federal government's fiscal position. These improvements are worth over $400 million to the provinces in the current fiscal year. Of this, roughly $200 million would be ongoing and $200 million would be a one-time benefit.

There are four components of the renewal package made possible by this bill. First, the equalization program is renewed for two years; second, improvements will be made in a measurement of fiscal capacity; third, the equalization ceiling will be re-based; and finally, a technical irritant related to the interaction of equalization and another federal transfer program—the Established Programs Financing, known as EPF—will be eliminated. The effect of this irritant has been to reduce payments to the have-not provinces under EPF. All the affected provinces will be compensated retroactively for revenues they have foregone, and this bill will ensure that the situation does not recur.

This bill renews the equalization program for a two-year period rather than for five years. The two-year extension period will provide impetus and flexibility for further changes in the context of the ongoing review of the three major transfers to provinces. These transfers are Established Programs Financing and the Canada Assistance Plan, as well as equalization.

I will now deal with tax administration. The bill contains measures that will facilitate the administration and enforcement of federal taxes by provinces and vice versa. Examples of the kind of arrangements that these measures are aimed at facilitating are the administration of the federal goods and services tax by provinces and the collection of provincial sales taxes at the U.S. border by federal customs officials. So far, only Quebec has agreed to the tax harmonization that makes such arrangements possible, but it is hoped, naturally, that other provinces will follow suit.

In addition, these amendments will simplify remittance and banking arrangements when administration agreements are entered into. For example, in cases in which a province administers a federal tax, a taxpayer will be able to make out a single cheque to the province covering both federal and provincial tax. The agreements can cover income taxes or sales taxes. These kinds of arrangements ensure better and more efficient administration of taxes and thereby contribute to a better tax system.

This bill provides for a fair and generous renewal of the equalization program while maintaining fiscal responsibility. In addition, by facilitating the mutual administration of taxes between the federal and provincial governments, the tax measures will contribute to improving the country's tax system as a whole.

The provinces are on side with regard to equalization renewal and improvement, and I believe all Canadians are very supportive when it comes to making tax administration simpler, more effective and less costly.

Some Hon. Senators: Hear, hear!

Hon. Lorna Marsden: Honourable senators, Bill C-60 was introduced on February 20 in the House of Commons, and yet the vote on this bill did not take place until last night. Once again we would renew our appeal to the government, as we often do, to conduct its business in such a way that we are not dealing at the last minute with legislation that, while having

some routine aspects, has other aspects that are of interest to parliamentarians to discuss.

As the sponsor of this bill has said, the bill renews equalization payments for two more years, until March 31, 1994, while renegotiation of equalization payments is underway. Discussions have been under way for the past 20 months. We will look forward to the final results.

Normally, the renewal would be for five years. This two-year period will be a crucial two-year period in the country and, no doubt, equalization will play a role in the general climate of negotiation.

There are serious problems with equalization. No doubt that is the content of the discussions between the federal and provincial governments. Especially in relation to the EPF, to those provinces receiving support, we recognize the need for the technical realignment of EPF, with provinces receiving equalization to be worked out. In fact, the bill does this by re-basing the ceiling.

These are not the only provinces that have concerns with Established Programs Financing. Of course, the bill does not deal with the situation in the other three provinces. It does not raise the other issues which we complained about, and continue to complain about.

The cuts to the Established Programs Financing escalator used to be tied to the GNP, but since 1986 it has been partially de-indexed: GNP less two percentage points. There has been a series of legislation over the past five or six years which has cut back on those transfers. For us, this remains a very serious problem. This legislation was not intended to deal with improving this situation, but it might have taken the opportunity to do so.

However, the renewal of equalization payments and the technical adjustment to the EPF are not where our questions lie. The interesting part is the framework provided by this legislation for federal-provincial administrative agreements over taxes. The word "administrative" is emphasized, but "administrative" covers a lot of ground.

The effect of this bill will be to make the harmonization of the GST between the federal and provincial governments more feasible and attractive through joint collection of federal and provincial taxes. On one side, this makes it easier for the taxpayer in the sense that the taxpayer will be able to pay one cheque to one level of government and balance off debts owed to government through payments received from another level.

● (1620)

On the other hand, by this kind of harmonization you reduce the knowledge that the taxpayers have of the link between the services provided by a layer of government and the taxes paid to that layer of government. This is worthy of some debate. What about the consciousness that taxpayers will have of where their tax dollars are going and how those adjustments are being made? It all sounds very mild and routine in the legislation, but equalization and tax harmonization are both matters crucial to the maintenance of national unity—a sensitive matter at any point in this country, but particularly so now.

Honourable senators, we recognize the need for the quick dispatch of this bill to meet the needs of the provinces. Indeed, the deadline was March 30 and this legislation will have to be retroactive. We look forward to asking questions of the minister—who I understand will appear tomorrow—concerning the state of negotiations over equalization—for example, why 1992-93 is the year in which the legislation is being brought forward after 20 months, and why 1992-93—obviously an election year—has been chosen as the year on which to change the ceiling on EPF. There are some obvious questions to be asked there, as well as why there will be a sweetener in that particular year.

Certainly, on the question of tax harmonization, it is important to know whether money will be saved; how much will be saved, and to whom those savings will accrue. After all, these are our savings. It is also important to know how the federal-provincial negotiations, which are mentioned as part of this legislation, will take place should this bill pass and tax harmonization be in effect.

Therefore, honourable senators, we will look forward to being able to put these kinds of question to the minister as soon as possible.

[*Translation*]

Hon. Fernand Leblanc (Saurel): Honourable senators, I would like to discuss a matter of procedure. It seemed, at the beginning of the debate on this bill, that it would eventually be referred to the Standing Committee on National Finance. Now, there is an agreement between the two parties to the effect that this bill will be examined tomorrow in a Committee of the Whole.

I received a brief from the Canadian Medical Association, in both official languages. It is not very long. I wonder if, as is usually the case in committee, we could annex this brief to the Debates of the Senate of today or tomorrow.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): If the brief is not too long, why not read it?

Senator Leblanc: It is not excessively long. I will be pleased to read it to the honourable senators.

> The Canadian Medical Association is a voluntary professional association with 45,000 physician members. Its organizational structure includes 12 divisions (10 provincial plus the Yukon and Northwest Territories medical associations) and 37 affiliated societies including the Canadian Paediatric Society, the College of Family Physicians of Canada, the Society of Obstetricians and Gynaecologists of Canada, the Canadian Psychiatric Association, the Canadian Medical Protective Association and most of the medical specialty bodies.

This, of course, is in preparation for what follows.

BACKGROUND

> The Canadian Medical Association (CMA) has a long-standing commitment to enhancing the health of Canadi-

[Senator Marsden.]

ans and to maintaining the integrity of Canada's health care system. Federal financial support has helped to shape this system and is integral to maintaining its national character.

The "Federal-Provincial Fiscal Arrangements and Federal Post-Secondary Education and Health Contributions Act" has been the focus of much debate in recent years. It has also been the object of several briefs submitted by the CMA. These briefs have usually centred on the Established Programs Financing Agreements (EPF) arrangements components of the Act. In particular, the CMA has expressed concerns in the past about the destabilizing effects that unanticipated changes to EPF have had on health planning and management in Canada. The adverse effects of reductions in the rate of growth in the EPF entitlements have been felt most acutely in the less affluent regions of the country.

It is against this backdrop of continuing concern about the future financial integrity of national health programs that the CMA is submitting this brief on Bill C-60. The Act that is being amended once again is as important as it is complex. Few would be so bold as to profess to understand all its technical intricacies, but the CMA believes it is important to share with legislators its views on what we believe to be Bill C-60's principal features.

Our concern is not just with the bill itself but also with the unfair financial burden the Goods and Services Tax continues to place onn the shoulders of the medical profession—a burden that Bill C-60 will only increase.

THE FEDERAL TRANSFER PROGRAM

The Federal Equalization Program, by targeting federal transfers to those regions most in need, helps to ensure that reasonably comparable levels of necessary services are available at reasonably comparable levels of taxation. It is the centrepiece of Canadian fiscal federalism and has been very successful in reducing interprovincial disparities in fiscal capacity. Certainly, health programs across the country would not be nearly so uniform in the absence of such a program.

The CMA commends the government for taking action to increase equalization payments by some $620 million over the next two years. In the short term, this will undoubtedly help the less affluent provinces to cope with the pressures on their health and social service programs.

This respite does not, however, provide much comfort in the longer term. The CMA notes that the federal government has opted for a two-year extension of the Equalization Program, rather than the normal five-year term. No doubt this reflects, at least in part, the current economic and constitutional uncertainties. We can only hope that it also reflects a recognition on the part of the government of the need for a fundamental review of the whole system of federal-provincial transfers (see below for new structure).

Health services, like most publicly-funded programs, need to be planned and managed carefully if we are to achieve maximum value for the taxpayer's dollar. One prerequisite for effective planning is reasonable predictability and stability with respect to the funds that are going to be made available. Like taxpayers themselves, the managers of the health system need to know in advance the dollars they will have to work with if they are to budget appropriately.

Another prerequisite of effective health care planning is the explicit recognition of the diversity of health and other public sector needs across the country. When dollars are tight, we must redouble our efforts to ensure that they are spent as effectively and efficiently as possible. As needs vary across the country so do the costs of meeting these needs. Roads in British Columbia or Newfoundland are more costly to build and maintain than those in Saskatchewan or Prince Edward Island. Similarly, the higher population of native Canadians or seniors living in a province like Saskatchewan entails higher costs for health care than it does in provinces like Alberta or Ontario. Why, then, do we continue to provide equal per capita grants or equalization payments that are insensitive to relative fiscal need or differing per capita costs?

HEALTH TRANSFERS

The most notable feature of Bill C-60 is what is not in it. This is the first such bill in some years that does not further erode federal health transfers to the provinces. While the Bill does not exacerbate already intense pressures on provinces/territories to finance the growing health budget, nor does it stem the inexorable slide in health-related cash payments.

The CMA had hoped that the government would have taken this opportunity to stabilize cash payments to the provinces/ territories. Given the reductions in EPF transfers, the CMA believes that health programs have already done more than their fair share to help the federal government get its financial house in order.

Over the next two years, we understand that governments will be re-examining all of the basic structures of our system of fiscal federalism. This review will have to balance the twin goals of affordability of and accessibility to necessary publicly-financed services. The CMA challenges the Government to break with tradition and invite key stakeholders into this review process. While expertise on the more technical aspects of federal-provincial transfers may sometimes be lacking, the stakeholders will help the fiscal experts to understand the underlying needs that such arrangements are designed to meet. The form such arrangements take must follow the function they are intended to serve. For too long we have seen the order reversed.

REPEALING AND REPLACING THE TAX COLLECTION AGREEMENTS

Much of Bill C-60 concerns itself with expanding the scope of the "two-way" flow of funds between the two senior orders of government. The current Tax Collection Agreements provide the legislative authority for the federal government to collect personal and corporate income taxes on behalf of (most) provinces and remit these revenues back according to provincially established tax rates applied to a federal base. This Bill provides for a reciprocal arrangement whereby a province or territory could collect a tax (such as the Goods and Services Tax - GST) on behalf of the federal agreement and remit amounts back to the government according to legislated rates.

If this is an accurate description of the essence of the proposed amendments, the CMA takes this opportunity to remind legislators of the fundamental inequity built into the current GST. Physicians, unlike any other category of taxpayers other than perhaps landlords, to take advantage of input tax credits because the services they provide are exempt from the GST.

Their net costs of practice have increased considerably since January, 1991. The CMA is mounting a national impact study on the effect of the GST on physicians; provincial studies suggest that this discriminatory tax treatment costs Canadian physicians $80 to $100 million a year in additional practice expenses

And now I come to the last page.

The CMA's concern with respect to Bill C-60 is that it opens the door to provincial "harmonization" of the federal GST. While we are not in a position to argue the economic pros and cons of harmonization, we are concerned about the down-stream implications for physicians. Before provinces or territories adopt the broader GST tax base, the current discriminatory features fo the federal tax on physicians must be removed. To do otherwise would be to subject the medical profession to yet another unfair tax load. The medical profession is asking for no more than the other stakeholders have received through a tax rebate (e.g., 83 per cent afforded hospitals) or some similar "equal yield" tax considerations. We challenge legislators, in reporting back to the government, to insist that steps be taken immediately to remedy this injustice.

To summarize, the brief has underlined the need to establish a predictable and fair system of intergovernmental transfers that will support Canada's health programs well into the future. It also calls attention to the discriminatory tax being levied against physicians and demands that legislators take the steps necessary to remedy this injustice before provinces begin the graudal process of sales tax harmonization.

This brief was submitted in both official languages and I will table it now.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, I move the adjournment of the debate.

• (1630)

[*English*]

Senator Lynch-Staunton: Honourable senators, I belive it is understood that we will transform ourselves into Committee of the Whole tomorrow afternoon. I merely want to put on record that Mr. Mazankowski has confirmed his appearance for around 3:15 p.m.

Senator Molgat: Honourable senators, I foresee no problem in being ready at that time. I simply want to leave it open in case some members should wish to speak. The understanding we had earlier, I think, will hold.

On motion of Senator Molgat, debate adjourned.

DEBT SERVICING AND REDUCTION ACCOUNT BILL

SECOND READING—DEBATE ADJOURNED

Hon. Jean-Maurice Simard moved the second reading of Bill C-21, relating to the accounting of certain payments for the servicing and reduction of the debt of Canada.

• (1640)

He said: Honourable senators, I wish to deal with legislation that will establish an act relating to the accounting of certain payments for the servicing and reduction of the debt of Canada.

[*Translation*]

More than two thousand years ago, a Roman, Publilius Syrus, wrote:

The debtor gives up his freedom.

Is that wisdom not just as appropriate for all Canadians today?

[*English*]

Honourable colleagues, we all know that our federal government carries a public debt of some $420 billion. This debt is a burden that limits our economic freedom. It also restricts the government's ability to help those in need who are still feeling the painful effects of the recent recession. It channels a large portion of government revenues to one purpose only, namely, paying interest charges, and it weighs down our prospects for prosperity by putting pressure on interest rates. The legislation before us is an important tool to free Canadians from the straitjacket of national debt.

If there were a need to demonstrate the importance of this bill, Senator MacEachen did so in his eloquent speech earlier this afternoon when he was discussing the problems faced by a country such as Canada that has its debt held by foreign countries.

It has been said many times that neither governments nor ordinary Canadians can borrow to pay for their daily bread. Senator MacEachen reminded us of that this afternoon when he stated that much of the $24 billion borrowed by Canada in 1991 was spent to help us finance the current deficit.

However, when we listen to Senator MacEachen we have to be very careful. Very often he speaks out of both sides of his

mouth. I agree with him when he says that Canada should keep its borrowing—

Senator Molgat: I am not sure that terminology is acceptable parliamentary language.

Senator Simard: What word do you object to?

Senator Molgat: Stating that a member speaks out of both sides of his mouth is debatable.

Senator Simard: Yes, debatable. We can debate that sometime, or the Speaker can rule on it.

The Hon. the Speaker *pro tempore:* Honourable senators, if I were asked to rule on it at the present time, I would say that it should not be used.

Senator Simard: I know you cannot use the word "lie" and "liars" and I certainly did not infer that in any way, Senator Molgat.

On the one hand, Senator MacEachen states that Canada should keep its foreign borrowing to a minimum. Yet he and his party and you, Senator Molgat, participated in a government that left Canada heavily in debt. For the last seven or eight years, every time the Conservative government tried to increase taxes and make the system fairer, the senators opposite opposed it by stating that Canadians cannot live with apparent or slight increases in taxation. Every time the government attempts to cut down or impose another measure, the opposition opposes it. However, as we said at the time and as we keep saying, these measures help keep the deficit under control and, if possible, to reduce it.

I would advise senators opposite to perhaps be more logical and—

[*Translation*]

—and a little more consistent because if all the measures that you fought, and I just listed two, tax increases since 1984 and spending cuts that you also opposed, if we had given in to criticism and to your demands, in 1991, we would have borrowed not $24 billion but probably $40 or $50 billion. I hope that some other colleagues will support me and help me get this message through to Canadians.

Although we can see some remorse in Senator MacEachen's statements, perhaps he would support the measure contained in Bill C-21 ensuring that revenue from privatization or exceeding the projections for the GST will go into this fund to reduce the deficit.

In the coming days, I hope to hear such words and receive support for this bill. It is never too late to repent and do what is right.

[*English*]

In other words Senator MacEachen, in his own way, set the stage for study of this bille, and we are looking forward to his support.

[*Translation*]

Honourable senators, the bill that we are starting to consider is a major tool to free Canadians from the national debt burden.

It establishes a special account into which the net proceeds from the goods and services tax will go. This account will also be credited with the net income from the privatization of Crown corporations and the contributions of Canadians who are anxious to improve Canada's financial situation. These contributions totaled $375,000 for the first ten months of the fiscal year.

Funds deposited in the Debt Servicing and Reduction Account can be used for only one purpose: to pay the interest on the public debt and eventually to reduce the debt itself. The bill specifies that the Auditor General must verify the account every year.

I would remind you that this is not a one-shot legislative measure. Senator Molgat will recall that in the final hours of the GST debate, they moved an amendment that would create such a fund. We were opposed to it then because it was obviously a tactic of the Liberal opposition to delay the bill beyond January 1 of the following year. We certainly did not want Canadians to be the victims of such a manoeuvre. So if the Liberal senators were serious a few years ago when they proposed that amendment, they will no doubt be even more inclined to support it today. I am really looking forward to see whether, true to their Liberal logic, they will give us that support. I hope so.

This initiative is part of a vast action plan to regain control of Canada's deficit and debt problem. Among the related measures, we would mention the Spending Control Act, which is now before Parliament, and all the measures that we have taken to cut spending.

This approach is needed to put the national economic renewal on a sound basis. The deficit and the debt are serious problems, we all agree, which must be resolved if we want to benefit from a prosperous, growing economy. Therefore, we must reduce Canada's appetite for borrowing abroad, with the consequence that flow from it.

You will again allow me to point out the seriousness of our debt problem by mentioning the following facts: the present $420-billion debt is more than $15,000 for every man, woman and child in Canada.

Furthermore, it cost about $41.5 billion last year just to pay the interest on that debt. It is the government's largest budget item.

Despite the lower interest rates, we had to spend more last year on interest payments on the debt than on old age security, family allowances, veterans' pensions and unemployment insurance combined.

Why are we in such a situation? The answer is clear.

Today, Canada is faced, as I said earlier, with a $420 billion debt, because during the seventies and the early eighties, we had a government that spent more on programs and public services than it received in revenue. Meanwhile, the deficit soared, and instead of cutting back, the government spent even more, especially before an election.

Hon. Jacques Hébert: The deficit has doubled since you came to power.

Senator Simard: I'll get back to that, Senator Hébert. Meanwhile, I wish you would let me finish. Maybe you should check your petitions and make sure you get another delivery tomorrow. Just let me finish my speech, and I will answer your questions later, if I have any time left.

In 1984-85, the government had an operating deficit of $16.5 billion, and this was only for program spending and operations. In addition, it owed $22 billion in interest charges on the national debt, adding up to a total deficit of $38.5 billion, the highest deficit in our history. At the time, the government was spending $1.33 for every dollar it received in the form of revenue.

As a result of this "buy now, pay later" policy, the national debt was almost multiplied by eight in only ten years, when it increased from $27 billion in 1974-75 to $206 billion in 1984-85.

This figure should be remembered as the prime cause of the financial problems we face today.

Without the compound interest on this $206 billion debt, the federal deficit today would be zero, Senator Hébert, as I am sure you will understand. In fact, this year we would have had a $10.1 billion surplus which we could have used to stimulate the economy and possibly reduce taxes or provide an exemption or subsidies for people who, as Senator MacEachen and Senator Hébert keep reminding us, buy books and can no longer afford them. It could also be used to lighten the tax burden as a whole and to pay down the debt.

When the present government came to power in 1984, it knew it would have to act quickly to deal with the debt by dealing with the cause: federal spending. The government did so. It established a wide-ranging expenditure control program. It cut program spending as much as it could, whenever it could, and strongly contained growth in other areas.

This spending restraint produced very good results.

Between 1984-85, and 1991-92, the Progressive Conservative government capped increases in federal program spending—all spending with the exception of interest payments on the debt—at 3.9 per cent annually, compared with an annual increase of 13.8 per cent during the fifteen preceding years.

Expressed as a percentage of the Gross Domestic Product, federal program spending has dropped to its lowest level in twenty years. And since spending has not progressed as fast as revenues, we now have an operating surplus.

This surplus indicates that the increase in the national debt since 1984-85 is due strictly to the interest charges on the debt the government inherited, because, Senator Hébert, for your information, the present government did not add a cent to the debt.

● (1650)

Unfortunately, we must service the debt, which may entail further deficits and an increase in the debt, especially since the economic slowdown means that the government's revenues will be lower than expected. We must do more in order to break the vicious circle of debt servicing and deficits.

The debt servicing and reduction account, according to Canadians we consulted, is a key step in achieving this goal, and it assures Canadians that the net revenues of the GST will be used only for deficit reduction.

By net revenues we mean the GST revenues after deduction of the various rebates and credits that are directly a part of the goods and services tax, for example the low-income GST credit, the input tax credit, the housing rebate, the tourism rebate, and the GST transitional grant to small business.

To reinforce this initiative, an important complementary measure which consists in legislated limits on program spending is now before Parliament. It would result in a program ceiling of government spending over the next five years.

Legislated spending controls will represent a fundamental change in how the government operates. Difficult choices and trade-offs and reallocations will be required if spending exceeds the limit set out in the Budget.

Working together, the two measures will ensure that the GST revenues will not be used to fund new programs but only be used to reduce the deficit.

These measures will help improve Canada's fiscal position.

Thanks to its commitment to keeping tight control on spending, the government has managed to maintain the deficit at $31.4 billion during the past year, despite the fragile state of our economy. The deficit is expected to decline by nearly $4 billion to $27.5 billion this year and to $22.5 billion in 1993-94.

The need for additional borrowing will be eliminated by 1995-96. We will then start paying down publicly held debt for the first time since 1969-70.

Honourable senators, the debt burden created by a federal government that spent too much and lived beyond its means for many years cannot be eliminated overnight. We must act in a manner that is fiscally responsible. The government must also be able to count on the support of the Liberal Party of Canada, the Official Opposition in both Houses and on the NDP. I think the challenge facing us now is to act responsibly and impose strict controls. Perhaps I should say to continue to impose strict controls, with the firm resolve to bring the debt down to its previous, far more reasonable levels.

In any case, the creation of the debt servicing and reduction account is a first step, which reflects our commitment to pursuing and increasing our efforts to achieve this fundamental objective. This bill deserves the unanimous support of this House, because all Canadians stand to benefit. Thank you, honourable senators.

On motion of Senator Molgat, debate adjourned.

[*English*]

TRANSPORT AND COMMUNICATIONS

SEVENTH REPORT ADOPTED

The Senate proceeded to consideration of the Seventh Report of the Standing Senate Committee on Transport and

Communications, (extension of reporting date) presented in the Senate on 7th April, 1992.

Hon. Finlay MacDonald: Honourable senators, I move the adoption of this report.

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

Hon. Senators: Agreed.

Motion agreed to and report adopted.

● (1700)

BUSINESS OF THE SENATE

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, may I suggest that we consider at the same time items 2 through 7, inclusive, under Reports of Committees since they are from the same committee and deal more or less with similar items?

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): I have no objection to that suggestion, honourable senators.

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

ELEVENTH TO SIXTEENTH REPORTS OF COMMITTEE ADOPTED

The Senate proceeded to consideration of the Eleventh to Sixteenth Reports of the Standing Committee on Internal Economy, Budgets and Administration presented in the Senate on April, 7 1992.

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, I move the adoption of these reports.

The Hon. the Speaker: Honourable senators, is it your pleasure to adopt the motion?

Hon. Senators: Agreed.

Motion agreed to and reports adopted.

SPECIAL JOINT COMMITTEE ON A RENEWED CANADA

CONSIDERATION OF REPORT—DEBATE CONTINUED

Resuming the debate on the consideration of the report of the Special Joint Committee on a Renewed Canada, dated 28th February, 1992 (Sessional Paper 343-416A).

Hon. Noel A. Kinsella: Honourable senators, given the time of the day and the fact that I would be speaking to a less than a packed house on an important matter, I shall be brief and concentrate on but one point.

By way of preamble, I should like to extend my congratulations to all honourable members of this chamber who served on the committee, and who spent many hours travelling across Canada listening to witnesses. It is a tough job. It is important and, indeed, right that we salute our colleagues for their work and time in conducting the hearings and in preparing the report.

I wish to focus on the proposal concerning a social covenant. As honourable senators know, this matter is dealt with at pages 87 and 88 of the report. There are a couple of points that I would like to reflect upon.

The first is this. I understand where the committee is coming from in its desire to place in the proper context the nature of the social rights that Canadians want to see addressed in a constitutional fashion, as well as the importance of recognizing the justiciability model that is appropriate—indeed, necessary—to deal with the kinds of rights that would be included in a social charter.

I think it would be of more help if the wording of the report were other than what we find on page 88 where it is stated, "These commitments express goals, not rights." I respectfully disagree with that proposition. I understand why, because of the unique justiciability model that is required to deal with these social rights to be included in a social covenant, the committee felt it necessary to include those words. However, in my opinion, it is not necessary to have denied the existence of social rights.

Indeed, I suggest that the opposite to what is stated is the case. That is to say, these commitments express rights, not simply goals.

Let me explain, honourable senators. One can categorize human rights into two general major categories. On the one hand are the classical freedoms, civil and political rights, rights such as the right to life and freedom from arbitrary arrest. These are rights to which many refer as self-executory rights. The citizen will enjoy these rights, provided that the state does not interfere with them.

On the other hand are the economic, social and cultural rights. They are rights such as the right to education; the right to health; the right to work. I would describe these as "programmatic rights". They do not occur automatically, but rather they require the organization of society and a program of schools, for example, in order for the right to education to have any meaning. Without a health delivery system, the right to health would be somewhat hollow.

Thus, we recognize the right to health, the right to education and the right to work as "programmatic rights". Quite appropriately, the model of enforcement of these rights is a different model from that which we see for the enforcement and the promotion of civil and political rights.

Honourable senators, these social issues that Canadians have brought to the attention of the joint committee have been recognized for a long time by Canadian governments as human rights. For example, in March of 1976, as a result of having received from the federal government and all provincial governments an agreement that Canada should deposit an instrument of ratification with the Secretary General of the United Nations, the Privy Council bound Canada to the International Covenant on Economic, Social and Cultural Rights by international treaty law. In other words, honourable

senators, from a legal positivist point of view, Canada, with the concurrence of all governments, said, "Here are some human rights in the social economic and cultural sphere that we recognize."

There are a couple of points I should like to make about that matter. I hope that the government, if it continues to elaborate the social charter with other governments, it will steer away from the notion that they would have to deny that the right to education is a human right, for international law has established that it is a right. The international covenant establishes that the right to education is a human right. The international covenant establishes that the right to education is a human right.

● (1710)

Honourable senators, the exciting thing, it seems to me, and something that the governments can build upon as we go forward in the elaboration of the social covenant, is the agreement which was achieved in writing from every government in Canada. That agreement led the Government of Canada and the Secretary of State for External Affairs to deposit the instrument of ratification of the International Covenant on Economic, Social, and Cultural Rights.

In other words, we have in writing a standard of human rights, social, economic and cultural, about which all governments within Canada have said, yes, we recognize these human rights and we are now in a position to be able to use that foundation to articulate in some detail the social covenant which the joint committee has recommended and which I support.

Honourable senators, the unanimous consent of the 11 jurisdictions, the fact that we have here a written standard of the social rights already agreed to by the jurisdictions, means that in deciding upon the content of the social covenant, it should be at least as comprehensive as that found in the international covenant to which we have bound ourselves as a nation.

Before I make a few comments on some of the substantive rights contained in the covenant, and which hopefully will be elaborated in the social covenant, let me say this: As the joint committee has indicated, you need a different model of the justiciability, a sort of reporting mechanism, something very much like that which was followed by the Council of York when it elaborated its European social charter. So also we, as a participant bound by the International Covenant on Economic, Social, and Cultural Rights, provide a report to the Special Committee of the United Nations that oversees the implementation of this, if you like, international social covenant.

Therefore the seed for that kind of a model for the promotion of the Canadian social covenant has been set. We have agreed upon this model from an international standpoint and, therefore, it is a model which I recommend we build upon domestically.

In conclusion, honourable senators, in terms of the content of the social charter, the Beaudoin-Dobbie report at Recommendation 36.1, for example, recommends a high quality of education. The international covenant to which we have already bound ourselves is far more elaborate in reference to education. I do accept that this is a principle which the committee is recommending be elaborated upon, that we go forward but, at the same time, listen to some of the detail of the right to education which already exists with the agreement of all provinces, with the consent of the federal government, and as part of the international standard.

The International Covenant on Economic, Social and Cultural Rights, to which Canada is a State party, says in Article 13:

> The States parties to the present Covenant . . .

—that means Canada—

> . . . recognize the right of everyone to education.

State parties agree, Canada agrees:

> . . . that education shall be directed to the full development of the human personality and the sense of its dignity, and shall strengthen the respect for human rights and fundamental freedoms. They further agree that education shall enable all persons to participate effectively in a free society, promote understanding, tolerance and friendship among all nations and all racial, ethnic and religious groups . . . ..

States parties, Canada, recognizes:

> . . . that, with a view to achieving the full realization of this right:
>
> (a) Primary education shall be compulsory and available free to all.
>
> (b) Secondary education in its different forms, including technical and vocational secondary education, shall be made generally available and accessible to all by every appropriate means, and in particular by the progressive introduction of free education . . . .

It is interesting, honourable senators, that we have agreed since 1976 that:

> (c) Higher education shall be made equally accessible to all, on the basis of capacity, by every appropriate means, and in particular by the progressive introduction of free education.

One can argue whether or not we have been going in that direction, but at least we have here a beacon. That is one of the exciting things about the social covenant, honourable senators. It is a beacon. We must have a model of enforcement. There are different models of justiciability, not just the classical ones. Some kind of an auditing system would indeed be quite appropriate.

Honourable senators, I conclude because of the time of the day. The European Community went through much of the same discussion we are now going through with reference to national unity and the place of human rights, including not only civil and political rights but also social, economic and cultural rights.

I draw your attention, honourable senators, to the idea seen in the European setting of drawing up a treaty under the

auspices of the Council of York to guarantee fundamental rights in the economic and social matters, an idea which dates back even to the preparatory work of the European Convention on Human Rights as early as 1949.

Both the European system and the International Covenant system to which we are party have recognized the programmatic nature of these rights but nevertheless have found it appropriate, rather than denying that these rights exist and having recognized the real problem, to urge that we find a different means to promote them.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Would honourable Senator Kinsella permit a question?

Senator Kinsella: Yes.

Senator Molgat: Does he see these rights as enforceable through the courts, and if so, through what mechanisms?

Senator Kinsella: Honourable senators, I do not see them enforced through the courts in the ordinary sense of civil and political rights, but rather in the court of public opinion, in the court of Parliament, in that type of court. In other words, the model of justiciability, as is the European experience and as is the United Nations experience, is a reporting on the progress that a member state has taken to achieve, for example, the objective of the right to higher education.

● (1720)

So the general principle, and what is suggested in the report of the joint committee, is that with respect to these rights—mind you, they say they are not rights, but I hope I have made my point that they are rights; we recognize them already as rights—the real issue is that we have to find the appropriate forum for promoting these rights. Even in the United Nations system and the European social charter system there is a recognition that these rights are enriched progressively, based on the ability of a member state to be able to pay for them.

Hon. Donald H. Oliver: Honourable senators, I too wish to join in the debate on the consideration of the report of the Special Joint Committee on a Renewed Canada dated the 28th of February, 1992.

Last week when I was speaking with my former co-chair, the honourable Senator Beaudoin, he suggested that it would not be inappropriate if I made a few remarks about aboriginal rights in view of the fact that I was a member of the liaison committee within the special joint committee that dealt specifically with aboriginal rights under the special joint committee. I was honoured to be afforded this opportunity to speak on this topic. As a relative newcomer to the Senate, the opportunity and privilege to play a small part in the development of the report on the renewal of Canada during this pivotal time in our country's history is something I shall always cherish.

It was just a little over a month ago that representatives of the three national parties represented in the House of Commons and the Senate presented their unanimous report. In so doing they supported the recommendation for the entrenchment of the inherent right of aboriginal peoples to self-government within Canada. As a member of that special joint committee and the liaison committee that met with a number of aboriginal groups to seek their views on the implementation of this self-government, I am extremely pleased with the commitment to the inherent right that is contained in the Beaudoin-Dobbie report. It certainly was a long time in coming.

As a member of the Beaudoin-Dobbie Special Joint Committee on a Renewed Canada I, along with members of my subcommittee, listened to a great number of witnesses and read a great number of briefs which brought to light the long history of mistreatment of aboriginal peoples by the Government of Canada.

The *Indian Act* of 1876 allowed the government to legally take Indian status away from any man who was literate and debt-free. This happened automatically when an Indian became a soldier or a professional. Women who married non-Indians lost their status. Natives were not allowed to leave reserves without passes. Traditional systems of band government were undermined and foreign concepts were imposed. Central rituals were banned—the potlatch and the sundance of the west, for example. Native children were regularly taken away from their homes and put into residential schools where abuse was widespread. It was only in 1960, under the leadership of the Right Honourable John Diefenbaker, that Indians were given the right to vote in the elections of the land that was once theirs.

While many of these laws have changed over time, the cloud of the *Indian Act* still casts a shadow over the aboriginal peoples of Canada. For example, bylaws passed by aboriginal councils can still be overruled by the federal government, and the wills of aboriginals on reserves are invalid unless the government approves them. Statistics also show the continued ill effects of this cultural stripping. Infant mortality, suicide and the rate of high school dropouts among aboriginals far exceed national averages.

So it is a well deserved victory and triumph for aboriginals to be recognized as having the inherent right to self-government within Canada. But there is no time to celebrate. The June constitutional deadline is less than two months away and there is still a great deal to be done. Perhaps the biggest task is to iron out the details and scope of the terms "inherent right to self-government" and "distinct society". We have all heard a great deal about these terms, but many of us do not understand their deep-rooted significance or widespread implications.

While the recommendation of the Beaudoin-Dobbie report to the government of Canada is to include in the Constitution the concept of the aboriginal peoples' inherent right to self-government, the exact content and parameters of this idea of self-government are subject to interpretation and negotiation and have yet to be determined.

In order to understand the significance of the term "inherent right to self-government", it is necessary to present a very brief snapshot of what has taken place up till now regarding

aboriginal constitutional recognition within Canada. In 1982, aboriginals were included in the Constitution in three sections: section 25, which protected the special rights of aboriginal peoples from any adverse effects that might flow from the Canadian Charter of Rights and Freedoms; section 35, which gave aboriginals a constitutional guarantee by recognizing and affirming their treaty rights—it also loosely defined aboriginals as including Indian, Inuit and Métis peoples of Canada; and, finally, a later addition, section 35.1, which called for the convening of a First Ministers Conference to include representatives of aboriginal peoples of Canada before any constitutional amendments directly affecting aboriginals could be enacted.

It is interesting to note, honourable senators, that, as I speak, the Right Honourable Joe Clark is meeting in Halifax to discuss aspects of the constitutional issues, and aboriginal groups are invited to participate.

The three First Ministers meetings that followed these 1982 constitutional additions focused on the right of aboriginal self-government to set the agenda for aboriginal constitutional matters which remain with us today. Since these constitutional inclusions were put into effect there has been much discussion on whether aboriginal right to self-government is an inherent right flowing from aboriginal sovereignty or one that flows from the federal-provincial governments by way of a constitutional amendment. Until very recently the federal government always took the view of a contingent right approach which required the content of self-government to be defined by agreement between federal and provincial governments prior to any entrenchment in the Constitution. This approach has always been held unacceptable by the aboriginal peoples of Canada because it presupposes, of course, that the right was to be created by the Canadian Constitution and did not exist before.

However, the constitutional proposal released last fall, entitled "Shaping Canada's Future Together", moved away from the contingent right approach. But its language made it difficult to determine whether it is to recognize an already existing inherent right to self-government or whether it is proposing to entrench a newly created right, one conferred on aboriginal peoples by the federal and provincial governments. The exact words in "Shaping Canada's Future Together" suggest that there be "an amendment to the Constitution to entrench a general justiciable right to aboriginal self-government in order to recognize aboriginal peoples' autonomy over their own affairs within the Canadian federation".

The recent constitutional discussions have brought forward the reservations that the federal government has with committing to the inherent right to self-government phrasing in the Constitution. The Minister for Constitutional Affairs, the Right Honourable Joe Clark, has explained the government's reluctance to allow this terminology without defining limitations to its scope. His exact words were as follows:

● (1730)

> Our concern with that term is straightforward. We believe that the word—undefined or unmodified—could be used as the basis for a claim to international sovereignty or as the justification for a unilateral approach to deciding what laws did or did not apply to aboriginal peoples.

[Senator Oliver.]

Mr. Clark went on to say:

> Our concern with inherency is not with the word but with the meaning. If we can be shown that an amendment can be drafted to ensure that an inherent right does not mean a right to sovereignty or separation, or the unilateral determination of powers, we will look at that. If Aboriginal Canadians can help define what inherency would mean in practical terms—in terms of authorities and jurisdictions and powers—in such a way that the integrity of this federation is not put in question, we would welcome that. We are not opposed to inherency.

Aboriginal leaders do not have the same concern with the phrase "inherent right to self-government" as expressed by Mr. Clark. In response to a question from the Special Joint Committee on a Renewed Canada, Yvon Dumont of the Métis National Council stated:

> We want to make it very clear . . . that the Métis saw themselves as nation builders within Canada . . . We wish to continue to be part of Canada. We are not seeking sovereignty from Canada, we are not seeking separation; we are seeking recognition within the Canadian confederation.

It seems that the difference has the possibility of becoming almost a Catch-22 situation. On the one hand, the federal government is reluctant to use the term "inherent" without parameters to determine the precise meaning of the word. On the other hand, aboriginal peoples want the term "inherent" in the Constitution before any negotiations aimed at defining the scope or limit of self-government even begin. We heard this argument repeatedly as we toured Canada from east to west and up to the north, listening to the various representations.

At this point, the result seems to be somewhat of a compromise. The phrasing of "inherent right to self-government within Canada", which is used in the report of the Special Joint Committee on a Renewed Canada, implies aboriginals will be masters of their own destiny in many instances, but still have some limitations as they will remain a part of Canada.

In February, the Royal Commission on Aboriginal Peoples published a list of recommendations for successful constitutional reform for aboriginals. We found the report of the Royal Commission very useful and very instructive. You will recall that in the Dobbie-Beaudoin report, excerpts from the Royal Commission were included. The list suggests, in a general sense, the way to implement the right of aboriginal peoples to self-government in the Constitution. The Royal Commission stated that:

> Any new constitutional provision should satisfy six criteria. It should indicate that the right is inherent in nature, circumscribed in extent, and sovereign within its sphere. The provision should be adopted with the consent of the aboriginal peoples and should be consistent with the

view that Section 35 may already recognize a right of self-government. Finally, it should be justiciable immediately.

Firstly, the commission stretched the importance that the right of aboriginal peoples to self-government be explicitly identified in the Constitution as "inherent" in nature. That is what the Beaudoin-Dobbie report states. The commission report states that "no other word (than inherent) can do justice to the fact that their right to self-government springs from sources within the aboriginal nations, rather than from within the written Constitution of Canada."

In this way, aboriginals are recognized as the people with the deepest and the most resilient roots in the original traditions of this land, rather than merely recipients of rights that the federal and provincial governments are prepared to bestow upon them.

The second recommendation of the commission focused on the scope of the inherent right to self-government. Its report says that the right to self-government means that aboriginal governments would co-exist with federal and provincial governments under the Constitution.

Ironing out the details of the scope of aboriginal self-government will continue to be a major task. There must be continued negotiations with aboriginal peoples and officials of federal governments and provincial governments to determine what it should be.

It is beneficial to look at an American example which illustrates that the inherent right to self-government does not necessarily carry with it unlimited powers. In the United States, Indian governments were declared by the Supreme Court to hold inherent powers of self-government, and yet to exercise those powers within certain limits: Limits by treaty, by federal law and by their status as protected nations. This status precludes them from entering into treaties with other nations and prevents them from asserting criminal jurisdictions over non-Indians.

Apart from this, tribal governments in the United States have jurisdiction over marriage, child welfare, estates, taxation, licensing, real property and commercial transactions. They maintain law and order and administer criminal justice within their territories, subject to specific statutory limitations.

In Canada, we have some aspects of this form of self-government already in practice, but this comparison of American Indian policy to the Canadian situation is inappropriate, given the fact that the United States has failed to provide constitutional entrenchment for its aboriginals and that the American Indian right to self-government is subordinate to the overriding powers of Congress. However, from the American model, it can be seen that the inherent right to self-government does not require unlimited powers.

The Royal Commission on Aboriginal Peoples recommends that the powers related to self-government be limited in varying degrees depending upon the particular subject matter. Their report says that certain powers of the aboriginal government should be sovereign and, as such, take precedence over federal and provincial laws. At the same time, federal and provincial laws will take precedence in other spheres of jurisdiction; and some areas of jurisdiction will be exclusive to aboriginal authority while others will be shared.

Former Chief Justice of the Supreme Court, Brian Dickson, who is a member of the Royal Commission and who appeared at the aboriginal conference here in Ottawa a month ago, stressed the importance of developing a very flexible model of self-government for aboriginals. When he spoke at the Constitutional Conference on Aboriginal Affairs last month, he said:

> There can be no single model of aboriginal self-government. There are scores of distinct aboriginal peoples in Canada; their needs are not identical nor are their aspirations. Whatever process is created to flesh out the concept of self-government, it must be flexible and allow for a variety of responses . . . Various groups want and need different powers and responsibilities.

The former chief justice went on to add the following:

> Self-government can mean a number of different things to a number of different people. It can and perhaps ought to mean municipal government for some, as is the case with the Sechelt Band in British Columbia; for others it can and should mean the product of a modern treaty, as is the case with the James Bay Cree. For still others, it may refer to a constitutional relationship.

In summary, the former chief justice said:

> The presence of one form of self-government should not deny other forms.

Recently, Ovide Mercredi, the National Chief of the Assembly of First Nations, has made demands that aboriginals be recognized as a distinct society in the same way that Quebec will be. This request for a distinct society arose at one of the constitutional conferences in Toronto and again at the constitutional conference in Vancouver.

In view of the time and the fact that others may wish to speak, I will summarize the remarks I wanted to make about distinct society to say that it was clear from the representations made to the Beaudoin-Dobbie committee that "distinct society" for the province of Quebec—that those words and that language is very important to the province of Quebec.

● (1740)

On the other hand, it is very clear that the aboriginal peoples of Canada are equally distinct in their language, culture and traditions. It is hoped that there can be found language that will not take anything away from the distinctness of the society in Quebec but that also can define the distinctness of the aboriginal peoples.

I thank you, honourable senators, for hearing me on this matter.

Senator Molgat: Would Senator Oliver permit a question?

Senator Oliver: Yes.

Senator Molgat: Senator Oliver, you have obviously followed it very closely and you are a regular attender at the

meetings of the committee concerning the whole question of aboriginal requests.

In that whole question of the inherent right to self-government, was there a linkage or do you see a linkage anywhere between that and land claims?

Senator Oliver: The answer to your question is that in a number of discussions, particularly in the latter days of the committee doing its study and research, there were suggestions that there should be some kind of linkage. There were others, particularly aboriginals, who said clearly that there was a linkage. The people who made the latter assertion were treaty Indians. They found that the linkage arose by virtue of their particular treaties.

Senator Molgat: Does that not, then, present a problem not in the Northwest Territories, where the land is owned by the Queen in right of Canada, but in the provinces where, apart from land that is privately patented, the land is now owned by the Queen in right of the province? Can you then have simply a federal action without absolute provincial action? Can you simply change the Constitution without a clear-cut approval by the provinces in that regard?

Senator Oliver: First, as Chief Justice Dickson has said, there will be a number of different forms of self-government and a number of different approaches taken across Canada for different aboriginal groups. Implicit in what the chief justice was saying is that for some people such as the Métis, who do not yet have a land base, land claims will be one of the first things that they will negotiate with the federal and provincial governments. For those who do have a land base, such as the Inuit in Iqaluit, they would not have the same concerns and they may well begin the process of negotiation of something other than land.

The answer is that individual and different aboriginal groups will begin to negotiate with the federal and provincial government under different heads or for different powers. Some will likely start with land and others will not. But the constitutional negotiations between various aboriginal groups, the federal and provincial government will continue, not only on land but also on other issues and powers.

Senator Molgat: But if there is a linkage, an action by the federal government will bind the provinces—at least morally, will it not?

Senator Oliver: Civil rights, though, is also a provincial matter, and therefore on all of these negotiations it is likely that there will be continued negotiations and consultations with the three levels.

Hon. Consiglio Di Nino: Honourable senators, could I rise on a point of clarification? I was very interested in Senator Oliver's comments, but he cut them short. I was under the impression that the debate on this issue had no reasonable time limit. Is that still the case? I intend to participate in the debate at a date in the not too distant future, and I was wondering if that is still the understanding.

[Senator Molgat.]

Senator Molgat: That was certainly the understanding on our side. If Senator Oliver wishes to proceed, we have no objection. We did not rise to ask any question. Indeed, if he wishes to adjourn the debate and carry on on another day that would be quite acceptable, too. If he had further things to say, that would be valuable.

Senator Oliver: I would like to adjourn the debate, then.

On motion of Senator Oliver, debate adjourned.

QUESTION OF PRIVILEGE

Hon. Stanley Haidasz: Honourable senators, I rise on a question of privilege. During Question Period this afternoone, I was shocked and offended by the choice of words used by the Leader of the Government in the Senate in describing my reference to a minister's hairdo during my question.

My genuine intentions in that instance were to be complimentary. As a parliamentarian since first being elected to the other place in 1957, as a father of three daughters, with four granddaughters, and as my question this afternoon was put with good intentions, I ask the Leader of the Government in the Senate to withdraw his offending remarks from the *Hansard* record.

Hon. Lowell Murray (Leader of the Government): Honourable senators, if that was an apology by the honourable senator for the reference to a minister's hairdo, then it is on the record and one is glad to hear it. One is also glad to hear that the honourable senator did not intend the remark in any derogatory fashion. Nevertheless, it was and is gratuitous, offensive and sexist. Far from withdrawing that description of the remark, I repeat it.

Senator Haidasz: May I just add that if my remarks offended the Leader of the Government in the Senate or any other person, I would like to withdraw my remarks.

Senator Murray: I fully appreciate the statement that was made by the honourable senator and I congratulate him on that. I have had occasion in this place to reconsider remarks that I had earlier made, and have withdrawn them, and, having done so, I can only thank the honourable senator for what he has just done.

Some Hon. Senators: Hear, hear!

● (1750)

LOUIS RIEL

MOTION TO TABLE RELEVANT DOCUMENTS ADOPTED

Hon. Gildas L. Molgat, pursuant to notice of Thursday, March 19, 1992, moved:

> That there be laid before this House all papers, documents, letters, faxes, electronic messages, courier messages, minutes of meetings, and recorded messages between the office of the Right Honourable Joe Clark, Minister Responsible for Constitutional Affairs, (and/or any persons in his office or department) and Mr. Yvon

Dumont (and/or any persons in the Manitoba Métis Federation Inc. and the Métis National Council), concerning Louis Riel.

He said: The reason I want to put my motion at this time is that it seems likely we are going to recess, and, as it is a request for papers, I should like to get it into a motion during that time.

Why do I want these papers? The explanation is simple. I see conflicting requests from different Métis groups. There is, for example, presently a request from Alberta for a pardon for Louis Riel. Yet this is not my understanding of what the Manitoba group has asked for in the past. I am trying to sort out exactly what the requests are, and that is the reason for my request for the correspondence.

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

Hon. Senators: Agreed.

Motion agreed to.

ENERGY, THE ENVIRONMENT AND NATURAL RESOURCES

COMMITTEE AUTHORIZED TO ENGAGE SERVICES

Hon. William M. Kelly, pursuant to notice of April 7, 1992, moved:

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

That the Committee have power to adjourn from place to place within and outside Canada for the purpose of such studies.

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.

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THE SENATE

Thursday, April 9, 1992

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

Prayers.

SENATORS' STATEMENTS

THE SENATE

RHÉAL DUPUIS—FELICITATIONS ON RETIREMENT

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, one does not have to sit in this chamber very long before he or she can become somewhat detached or even oblivious to the symbols and traditions which surround us.

I wish to refer in particular to the arrival and departure of the Speaker and his entourage, known as the Speaker's Parade, and especially to the Mace Bearer who places the Mace on the Clerk's Table at the beginning of each sitting.

The Mace is a symbol of authority in many legislative bodies across the world. Its history, as such, begins after the Norman conquest. There are, by the way, a number of theories as to the exact origin of our Mace, the most accepted being that it was in use in the Province of Canada until 1867 and has been used in the Senate ever since.

Rhéal Dupuis, the present Mace Bearer, began his career in the Senate in 1975, was appointed to his present position in 1980 and will be retiring at the end of this month. Therefore, today may well be the last day that we will see him in the Speaker's Parade.

[*Translation*]

I therefore wish to take this opportunity, speaking on behalf of all our colleagues whom he had occasion to meet in the course of his career in the Senate, to express our appreciation of the truly outstanding way in which he performs all the duties of his position.

As for one particular detail, honourable senators, I know I am not alone in noticing that no matter how many times he carried the Mace, he always did so with the dignity and respect we owe this historic symbol of our parliamentary system.

Speaking on behalf of all of us, I wish him a long and happy retirement, in the company of his family and friends.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, speaking on behalf of our group, I would like to express our feelings of regret upon the departure of our friend Rhéal.

To look at him, one could hardly believe he is old enough to retire. Of course nowadays, early retirement is common, and people do not necessarily retire at the usual age!

Rhéal certainly served us very well during the years he was here in the Senate. In fact, I have one advantage over my colleague who just spoke, in that I twice had another position in this House , that of Speaker *pro tempore*, now filled by my colleague, Senator Bélisle.

At the time, I had the advantage of being able to follow Rhéal every day—when I was on duty—when entering this Chamber. So I saw him from a different perspective!

Speaking on behalf of all of us, Rhéal, I think I can safely say that we will miss you, we wish you the very best and we hope you will come back and visit, even if you no longer work here!

[*English*]

GENERAL ELECTION

NUMBER OF DAYS LEFT IN CURRENT TERM

Hon. Royce Frith (Leader of the Opposition): Honourable senators, the clock for today for the democrats is 226 more days, for the cowards, 612. If we take the same break as the House of Commons, the clock will be ticking while we are away and I will have an up-to-date report on our return.

VIMY RIDGE

COMMEMORATION OF SEVENTY-FIFTH ANNIVERSARY

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, I wish to bring the attention of the house to a memorable and glorious, if sad, day in Canadian history. It was on Easter Monday, April 9, 1917, that Canadian troops first went into battle as a complete Canadian corps under Canadian command and distinguished themselves at Vimy Ridge.

It was a sad day in that the losses were extremely high. It was a glorious day in that it marked for Canada a very important step forward in our international position.

The battle of Vimy Ridge and the Canadian success there had a great deal to do with the way Canada was regarded by other countries subsequent to the war. If we had a place in the subsequent negotiations, in the activities of the League of Nations, eventually in the Statute of Westminster, much of the credit for that belongs to those courageous young men who gave their lives at that time. We owe them a great debt of gratitude.

Hon. Senators: Hear, hear!

Hon. Richard J. Doyle: Honourable senators, I join with the Deputy Leader of the Opposition. I grew up on the legend of Vimy Ridge. It was fresh in the minds of the generation that went before mine. I have always considered it a very great privilege to have lived in a time when I could talk to people who fought in that historic battle.

I think in particular of one, Ernie Thomas of Collingwood, Ontario, who is still alive and flourishing, but is not quite equal to the long journey back to the memorial at the Ridge. Ernie liked to talk about the things he saw as a stretcher-bearer and of the terrible feel and, above all, the smell of battle—the smell of dead horses and of dead men. He said, "We never forgot that, and I hope a lot of people never forget it."

I say to Ernie today that yes we shall, a lot of us, remember that terrible time of battle and the great distinction that befell Ernie and his comrades.

Hon. Senators: Hear, hear!

CANADA

CITIZENSHIP WEEK

Hon. M. Lorne Bonnell: Honourable senators, we will not be in this place during the week of April 12 to 18, which is Citizenship Week. Perhaps, then, we should take the time to remember what a great privilege it is to be Canadian, given all the trouble that there is around the world.

I do not know if it is proper for me to do so, but I am wearing a pin that recognizes Citizenship Week. I am told that we should not display our affiliations in Parliament, but this is such an important occasion that I think we should all display our support.

One of the things that worries me about our population is that the birth rate in Canada is declining. If we do not allow more immigrants into this country, our rate of development will slow. With Citizenship Week on the horizon, I was surprised today, on reading the paper, to find out that the minister has expelled 1,200 would-be refugees to their home country rather than giving them any consideration.

We should all recognize Citizenship Week as Canadians and, regardless of our former nations or nationalities, celebrate during this week the fact that we are one country, united and strong.

Some Hon. Senators: Hear, hear!

Hon. Consiglio Di Nino: Honourable senators, I want to join with my honourable colleague opposite in his celebration of Canadian citizenship. Those of us—and there are a number in the chamber—who were not born in this country but were welcomed with open arms by Canada and have become an equal participant in the citizenship and makeup of this country, have a particular feeling for that word and for that position of privilege.

I wish to add a couple of comments to my friend's remarks. One is that there are several ways of increasing the number of Canadians. We could think of others, as well as immigration, which you know I support. My dear friend Senator Doyle is laughing at me. It is absolutely correct, sir, that we could certainly increase the production of children in this country, which is not a bad idea.

Honourable senators, I wish to refer to Senator Bonnell's comment about the expulsion of 1,200 would-be refugees. If the honourable senator reads the article correctly, he will see that those who were expelled were those abusing the privileges that this caring and tolerant country offers others from around the world. It is important that the message be sent out to the rest of the world that we have a welcoming, tolerant, and caring society, and that that attitude relates to all things and, in particular, to immigrants and new Canadians.

● (1410)

We also should send the message out that refugees will be dealt with within the rules that we establish and within the international rules that that body establishes.

In conclusion, honourable senators, let me once again state that, along with Senator Bonnell and the rest of you, I am proud to be a Canadian.

ABORIGINAL PEOPLES

FIRST REPORT OF COMMITTEE PRESENTED

Hon. Len Marchand, Chairman of the Standing Senate Committee on Aboriginal Peoples, presented the committee's report concerning the expenses incurred by the committee during the second session of the Thirty-Fourth Parliament:

Thursday, April 9, 1992

The Standing Senate Committee on Aboriginal Peoples has the honour to present its

FIRST REPORT

Your Committee, which was authorized by the Senate to incur expenses with respect to its study on the relations between the Aboriginal Peoples and the Government of Canada, reports pursuant to Rule 105, that the expenses incurred by the Committee during the Second Session of the Thirty-fourth Parliament are as follows:

Professional and Special Services	$ 598.00
Transport and Communications	450.13
Other Expenses	263.42
Total	$1,311.55

Respectfully submitted,

LEN MARCHAND
Chairman

Senator Marchand: You big spenders take special note. We spent $1,311.55.

Some Hon. Senators: Hear, hear!

[*Translation*]

GOODS AND SERVICES TAX

PRESENTATION OF PETITIONS

Hon. Jacques Hébert: Honourable senators, I have the honour to present petitions signed by 75 citizens of Ontario who oppose the goods and services tax. These petitions come mainly from Toronto, Woodbridge and Mississauga.

I also have the honour to present petitions signed by 496 citizens of Ontario who oppose the goods and services tax. These petitions come mainly from Sault Ste. Marie, Toronto, Thornhill, Brampton, Scarborough, Mississauga, Willowdale and Peterborough.

This makes a grand total of 571 citizens very strongly opposed to the GST, especially as it applies to books and periodicals. If I were on the other side of the House, I would probably think that these 571 voters, whom we really cannot all name, were on the Refugee Board and the Board of the CBC.

QUESTION PERIOD

[*English*]

COMMUNICATIONS

NATURE AND COST OF GOVERNMENT ADVERTISING CAMPAIGN

Hon. Royce Frith (Leader of the Opposition): Honourable senators, I have a question for the Leader of the Government in the Senate. Yesterday on the CBC national news there appeared a story about a new government advertising campaign—another one!

In its February budget, the government claimed that it was cutting $75 million from its advertising budget. Yesterday it was reported that $25 million is to be spent in the next few months on advertising designed to convince Canadians that things are not that bad.

Senator Molgat: More advertising?

Senator Frith: Yes, after the cuts to the advertising budget.

Senator Molgat: Difficult to believe.

Senator Frith: Apparently these advertisements, among other things, will highlight businesses that have done well under free trade.

Will the government present a balanced view in this campaign? Will it show, for example: One, the hundreds of plants that have closed down since the implementation of the free trade agreement? Two, even one out of the hundreds of thousands of Canadian workers who have lost their jobs in the manufacturing sector since 1989? Three, will these advertisements provide any useful information to these workers about the adjustment programs that Mr. Wilson talked about yesterday?

[The Hon. the Speaker.]

Hon. Lowell Murray (Leader of the Government): Honourable senators, it is true that the February budget indicated that the government would be cutting the budget for communication activities by $75 million. We are in the process of doing so. We are also in the process of reallocating communications and advertising budgets to reflect the priorities of the government.

In that connection, I do not think it is accurate to say that we are planning advertising campaigns to convince people that—

Senator Frith: Things are not that bad?

Senator Murray: "Things are not that bad."

Senator LeBlanc: Things are pretty bad in the polls.

Senator Murray: There are two advertising campaigns planned under the aegis of the Departments of Industry, Science and Technology and International Trade. One of these is a "Buy Canadian" campaign with which I am sure no honourable senator will disagree.

Senator Frith: That is proper under the free trade agreement?

Senator Murray: Yes, it is. I think the honourable senator will be very interested to see that the message of the advertising campaign is that, not only for price but for quality and service, Canadian products and services are at least equal to, if not superior to, foreign competition and that Canadians should think Canadian and buy into Canada.

I may say that the campaign, of which the advertising segment is a part, is being planned in conjunction with the Retail Council of Canada and with various business organizations in the private sector.

As for the "success stories", this advertising campaign builds upon a similar campaign that was conducted some months ago largely in the print media. The honourable senator may recall that campaign with its slogan: "Yes, we can." The intent of this new campaign, building on the previous one, will be to show how Canadian companies do compete successfully around the world. This is a matter of generating both understanding and pride in the achievements of the Canadian private sector, and in no sense—

• (1420)

Senator LeBlanc: You can't be serious.

Senator Murray: Yes, we are serious. I know the honourable senator has quite a bias against the private sector and Canadian business. He and some of his colleagues have had a hate on for Canadian business for many years. However, that is his problem. It is his ideological hobbyhorse, and I leave it to him. Surely no honourable senator will quarrel with the intent of this campaign which, as I say, is to generate understanding and pride in the achievements of the Canadian private sector. There was absolutely nothing of a partisan nature to be found in any of this advertising.

Senator Frith: Honourable senators, I am pleased to hear the figures are so encouraging on "Buy Canadian" and I thank

the minister for the information about the support of the Retail Council of Canada, because I do remember vividly their fierce support of the GST and FTA.

I ask the Leader to take into account, while convincing us that there is "absolutely nothing" of any partisan nature in this campaign, whether, in its balanced and nonpartisan view, as I asked, it will show the hundreds of plants that have closed down since the implementation of the FTA, any of the hundreds of thousands of Canada workers who have lost their jobs in the manufacturing sector since 1989, or whether it will provide any useful information to these workers about the adjustment programs. I expect the answers will be "no", "no", and "no", but I would be delighted to be surprised by some "yes" answers to those questions.

After he has had a chance to have a detailed look at those questions, perhaps the Leader of the Government could include a consideration of the fact that 13.9 per cent of Ontarians under 60 were on welfare in June of 1991 compared to 5 per cent in the 1982-82 recession; and in February of this year, 1.151 million Ontarians were receiving welfare. That is one million, one hundred and fifty-one thousand men, women, and children.

The government is now proposing to spend $25 million to tell them things are not that bad. I hope there will be an explanation as to why that money is better being spent this way than on measures to help these unfortunate people.

Senator Murray: Honourable senators, the short answer to the question is that the government does not consider it our responsibility to further disseminate the wild exaggerations of Miss Maude Barlow and her friends. We leave that to the honourable senator and his colleagues.

Senator Frith: Honourable senators, I do not think anyone will be surprised to hear that the government is not engaged in promoting the "wild exaggerations" of Maude Barlow. That was not my question. Of course I do not expect the Artless Dodger to deal with any of these questions, but I do remind him that that is not what I asked.

I asked the Leader of the Government in the Senate whether the government would show the hundreds of plants that have closed down since the implementation of the free trade agreement—a fact, not a wild exaggeration; whether it will show the hundreds of thousands of Canadian workers who have lost their jobs—not an exaggeration.

Senator Perrault: Four hundred and sixty-one thousand.

Senator Frith: Information about the adjustment program; is that a wild exaggeration? That is all I am asking. Will there be information about that? Will there be something dealing with the situation in Ontario that I mentioned? None of that has anything to do with Maude Barlow.

Senator Murray: The honourable senator attributes the closure of hundreds of plants to the free trade agreement without really being in a position to document his assertion. There will be ample opportunity in another arena, and that is the electoral arena, for Mr. Chrétien, Mr. Axworthy and other Liberals to mount the barricades again and advocate their policy, which is to tear up the free trade agreement. I suspect they will have as much success as their predecessors had in 1988.

● (1430)

Senator Frith: Honourable senators, the question was whether it would present a balanced approach. The inference is that it will not be balanced. The questions are on the record.

Senator Murray: As are the answers on the record.

Senator Frith: The leader's "answers" are on the record. We can leave it to the people of Canada to see whether he has come even close to dealing with the questions that were asked.

GOVERNMENT ADVERTISING CAMPAIGN—USE OF CANADIAN AGENCIES—GOVERNMENT POLICY

Hon. Keith Davey: Honourable senators, I have a supplementary question for the Leader of the Government in the Senate. In view of the fact that the government has virtually wiped out the Canadian advertising industry, I am interested in knowing what is the ongoing policy of the government concerning Canadian advertising as opposed to American advertising. Could the leader inform us as to how much of this campaign being discussed by my leader has been done by American advertising agencies, and how much by Canadian advertising agencies?

Hon. Lowell Murray (Leader of the Government in the Senate): Honourable senators, first, I do not accept the premise of the question, namely, that the government has—what was the phrase?

Senator Davey: "Wiped out".

Senator Murray: —has wiped out the Canadian advertising industry. I should like to hear the honourable senator elaborate on that assertion at the appropriate time.

Secondly, I know that there is a policy with regard to government advertising business. The effective ownership and control of those companies carrying out advertising must be Canadian, if they are to receive advertising contracts from the Government of Canada. Off the top of my head, I do not recall which agencies are carrying out the "Buy Canada" and the "Yes, we can" campaigns. It will not be difficult for me to get the names of those companies and to inform my honourable friend.

Senator Davey: I would withdraw the words "wiped out". I should more accurately have said "destroyed". "Wiped out" is, perhaps, unfair. "Destroyed" is not unfair, in my opinion, because I think the industry has been destroyed.

I would very much like to have the information on these campaigns.

Senator Murray: No problem.

Hon. Royce Frith (Leader of the Opposition): Honourable senators, just to complete the discussion of this subject, I want the record to show, since I am quite glad to have the questions and the so-called answers examined on the record, that the source of the numbers I was using, particularly those regard-

ing Ontario, was not Mrs. Barlow. Their source was Canada's national newspaper, the former employer of our colleague, Senator Doyle, the *Globe and Mail*. I would be glad to give him the details, if he wants them, but he can find them in that newspaper himself, I am sure.

RADIO CANADA INTERNATIONAL

EFFECTS OF CUTBACKS—FUNDING FOR GOVERNMENT ADVERTISING

Hon. Raymond J. Perrault: Honourable senators, the late Ogden Nash once wrote, "No McTavish was ever lavish".

The Leader of the Government in the Senate talks about the efforts of the government to save money, but his government is very lavish in other directions. He cannot be a McTavish.

The announcement about this gross spending program to propagandize Canada is an affront to all of the taxpayers in this country who have been asked to make a sacrifice. On the one hand, we have this offensive advertising campaign. I hope the Leader of the Government will give us the names of the companies placing the advertisements. Let us find out the names of the principals.

Senator Murray: I just undertook to do that.

Senator Perrault: I appreciate that very much.

I have three short questions arising from my preliminary question.

On December 5, 1990, CBC President Gerard Veilleux announced that the CBC would no longer fund Radio Canada International.

On March 22, 1991, the CBC Vice-President, Michael McEwen, informed RCI that the government had decided to reduce its budget by one third, cut its staff by one half and eliminate three-quarters of RCI produced programs.

On March 25, 1991, the last of the RCI programs to be cut went off the air.

On March 28, Secretary of State for External Affairs, Mr. Clark, announced the financial package worked out by the government.

Will the government not reconsider the devastating cut that hit this Canadian shortwave service? Does the Leader of the Government realize the number of Canadians who regard as mandatory equipment a shortwave receiver so that they can keep in touch with Canada when they are abroad, let alone the vast non-Canadian audience that we have in other countries?

The cut removed one-third of RCI's $20 million budget, eliminated half the staff and three-quarters of RCI produced programming. Yet, the government has not been convinced to the point to reverse its decision to underfund RCI and have recently resisted efforts to call for an inquiry into the cuts.

It is so embarrassing that even people associated with the government are critical. Let me read a quotation from Jean-Pierre Hogue, Conservative Deputy Chairman of the Commons Committee on Communications. He said this to advocates for the restoration of this service:

[Senator Frith.]

> Having listened to you I feel almost guilty . . . Somebody must be wondering what does all this mean? There is no visible sign of madness, until now, but somebody's brains must be addled. I am talking about the government or its members.

Do you really accept this kind of criticism from your own back-bencher, who says that your brains are addled? For heaven's sake, you must have a talk with Mr. Hogue.

What I ask the government leader is this: Will there be an independent examination of the series of efforts that led to the cut, and the assumptions that were made? Can we have some explanation as to how a short-term saving of $6.5 million, which is only a minuscule amount compared with the cost of the big, lavish advertising campaign announced yesterday, makes any sense at all, in view of the impact on the service?

There are numerous other questions that remain unanswered, such as: Did the CBC really have the legal right to relieve itself of responsibility for financing Radio Canada International? The *Broadcast Act* suggests the contrary.

Who made the decision that RCI would either be eliminated or have a reduced budget? Why were some ministries contacted and such an obvious one as Tourism left out? Why was it felt that we could stop broadcasting to our major economic partners, the United States, Germany and Japan?

All it would take to reinstate the service is a restoration of that $6.5 million, or most of it. Cut back on some of your propagandizing. Cut back on this pamphlet campaign that you have going into the supermarkets of western Canada.

Every day that the government delays, the overseas service loses more listeners who have grown up to appreciate the CBI brand of outstanding Canadian journalism. As it is, we are now faced with repeated rebroadcasts of domestic programs, or generic productions that cannot be topical. Just listen to the nation's voice abroad and you will find out that all I have said is true.

My final sentence is this: All of the G-7 countries are increasing their involvement in shortwave broadcasting. Canada is the only one to have retreated in this regard. Canada is the only one to cut back funding for a world-class service. It is incredible that on the 125th anniversary of Canada's existence as a country we are still questioning whether we should be talking to the world on a daily basis.

Restoring this service is important not only to Canadians but to non-Canadians around the world who are still waiting for a reversal. I hope the government will come to its senses.

Hon. Lowell Murray (Leader of the Government): Honourable senators, this is an issue that was brought to our attention some considerable time ago and, indeed, on several occasions by our colleague, Finlay MacDonald.

I will make inquiries to see whether there is anything that can be added to the replies that have been given on previous occasions and, in particular, whether there is some further information that can be brought in in response to Senator Perrault's questions.

PUBLIC WORKS

EXCLUSION OF MARITIME FIRMS FROM CONSTRUCTION OF FIXED LINK—GOVERNMENT POSITION

Hon. John M. Forrestall: Honourable senators may recall that a couple of weeks or so ago I inquired of the government as to its position with respect to a report commissioned in Atlantic Canada dealing with the economic spin-offs that will be available to New Brunswick, Nova Scotia and particularly Prince Edward Island, as a result of the fixed link, should it go ahead later this year.

At the time, the Leader of the Government was not in a position to respond. I wonder if he is now in a position to respond to my inquiry.

● (1440)

Hon. Lowell Murray (Leader of the Government): Honourable senators, I will respond to that question now rather than during the time for delayed answers, because the notes I have are in one language only and it is our custom to table documents in both languages.

The Government of Canada's requirement for the fixed link project is to maximize the regional benefits to Atlantic Canada. The three competing developers, and Borden Bridge Company, Strait Crossing Inc., and PEI Bridge Limited, successfully addressed these criteria in their response to the Stage II proposal call by agreeing to maximize the use of goods, services and labour from the Atlantic provinces. A study completed by the Atlantic Provinces Economic Council in July of 1991 provided information which is being used by the government to ensure maximum participation of Atlantic Canadian companies in the project.

The study emphasized that the project would generate substantial economic benefits to the region and would provide Atlantic Canadian companies with additional business opportunities. The APEC study also stressed the competitive aspect of the process and the necessity for the government to ensure maximum use of Atlantic Canadian companies. I quote:

> There is no reason to believe that the Maritime provinces could not obtain substantial contracts, especially if Public Works uses its powers fully.

Should the project proceed, a socio-economic benefits committee headed by the Atlantic Canada Opportunities Agency will closely monitor the contracting activities of the successful developer with the view of enforcing the terms of the government's agreement with the developer and ensuring maximum participation of Atlantic Canadian companies in the development of this project.

It should also be noted that a more recent study commissioned by the Greater Charlottetown and Greater Summerside Chambers of Commerce, carried out by Coopers & Lybrand, concluded that $533 million, or 71 per cent of the total estimated project costs of $750 million, can be supplied by Atlantic regional businesses. This study also estimated that, in total, the project will create 3,534 person-years of employment and that the potential demand for labour within the region amounts to approximately 80 per cent of the total labour project.

Essentially, the reports in the Atlantic press emphasize the cautionary aspects of the APEC report without stressing the positive aspects of the project on the economies of the Atlantic provinces. In anticipation of the project proceeding, the developers have had many contacts with businesses in the Atlantic region. The level of preparedness of regional companies gives confidence that Atlantic Canada will benefit substantially from this project.

Senator Bonnell: Honourable senators, I am glad to have that report about the fixed link to Prince Edward Island. However, I hope that the 15 minutes you took to read it will not come off the time for Question Period, because it is a delayed answer which you were prepared to give later on.

CUSTOMS AND EXCISE

TOBACCO TAX—GOVERNMENT POSITION

Hon. Lorne Bonnell: Can the minister tell me why the Government of Canada has backtracked on the imposition of an excise tax on tobacco?

Hon. Lowell Murray (Leader of the Government): The government intends to proceed with the legislation on that tax but we will not, at the moment, collect it because the purpose of the tax was to discourage smuggling. Mr. Jelinek, the Minister of National Revenue, made it clear at the time that if we could find better ways to deal with the smuggling problem we would do so.

In cooperation with the industry, the police forces, the Department of National Revenue and others, we have found better ways to deal with the problem. While we are giving ourselves the authority by Order in Council to start collecting the tax, we do not intend to do so while these new measures, which were announced yesterday, are proving to be effective.

NORTH AMERICAN FREE TRADE AGREEMENT

PROTECTION OF FARM MARKETING BOARDS—GOVERNMENT POSITION

Hon. Lorne Bonnell: I would ask the Leader of the Government in the Senate, since his government has flip-flopped on the tobacco tax, whether there is any possibility they might also flip-flop on the North American Free Trade Agreement? The minister said yesterday that the only items holding up that agreement were the auto pact and the textile industry. He did not say one word about our farmers in Canada, nor about our marketing system for Atlantic Canada, nor about our poultry industry, our hog industry—all the industries where we used to have marketing boards. That question is not holding anything up. He will simply destroy that whole system. Why did the minister not even mention protection for our farmers, as well as for the auto industry and the textile industry?

Hon. Lowell Murray (Leader of the Government): Honourable senators, the government is taking a very strong and

unambiguous position in the GATT negotiations with regard to the supply management system in this country. This has been the subject of exchanges during the Oral Question Period between Senator Olson and other honourable senators opposite and myself. I do not know why the honourable senator would come to the conclusion that the government, having taken such a strong position in the multilateral discussions involving 100 countries, might take a different position in the trilateral discussions with the United States and Mexico.

Senator Bonnell: I do not know, either. That is why I am asking the minister to find out for me why, on the very same day that 45,000 farmers were gathering in front of this building, his government representative was down in Washington agreeing to the free trade agreement and the elimination of the Canadian marketing system, the latter to be replaced with a tariff system to be phased out over ten years. That is what they were agreeing to. I am aware that they have not yet signed that agreement, and I hope the minister will not get up and tell me so. However, the minister is saying that the only differences among the parties now concern the auto pact and textiles, without a word about the fate of the farmers in this country.

Senator Murray: Honourable senators, I have to tell the honourable senator that he is totally misinformed. The Government of Canada never agreed to any such thing.

PRINCE EDWARD ISLAND

CUTS TO FEDERAL FUNDING OF JUVENILE JUSTICE SERVICES

Hon. Lorne Bonnell: Yesterday, the clerk of the Standing Senate Committee on Legal and Constitutional Affairs gave me a report showing how the aid to the provinces under the Young Offenders Act has been capped. I notice that, under the Memorandum of Agreement respecting federal contributions to juvenile justice services, most of the provinces received exactly the same amount as in previous years, but Prince Edward Island's funding was cut by over 50 per cent, from $5,176,000 down to $2,224,000. Why has that province's funding been capped at that low rate compared to all the other provinces?

Hon. Lowell Murray (Leader of the Government): Honourable senators, I do not have an answer to that question.

Senator Bonnell: If you do not have an answer, will you obtain an answer to that question?

Senator Murray: Well, of course.

Senator Bonnell: Good.

SOUTH AFRICA

REMOVAL OF SANCTIONS—GOVERNMENT POLICY

Hon. Peter Bosa: I have a question for the Leader of the Government in the Senate, if I may have his attention. Actually, this is supplementary to a question I put to him on April 7 concerning the lifting of sanctions in South Africa. On that occasion, I elucidated the fact that the South African government was in the process of dismantling the practice of apartheid and that they were in the process of extending the vote to all citizens of South Africa. I asked whether Canada intended to lift its sanctions in that country, as the European Community has done.

I read in the *Globe and Mail* today that the Secretary of State for External Affairs has intimated that perhaps she will convince her colleagues in the Commonwealth to lift the sanctions. I am wondering whether the leader could tell us what changes in criteria have taken place between April 7 and today, April 9?

● (1450)

Hon. Lowell Murray (Leader of the Government): Honourable senators, there has been no change in the criteria, nor am I in a position to know or to say how much closer South Africa may be to satisfying the criteria that the Commonwealth laid down. The point is that we take these decisions in concert with our Commonwealth partners. We have found that doing so is a very effective way to proceed. The minister, Mrs. McDougall, has made it clear that we will not lift sanctions until the criteria laid down by the Commonwealth have been satisfied, including appropriate transitional arrangements in South Africa which, to the best of my knowledge, have not yet been agreed upon.

Senator Bosa: Could the honourable gentleman outline the criteria that the Commonwealth has imposed before recognition can be given to lift the sanctions?

Senator Murray: Honourable senators, let me get a formal statement on that matter from the department, and I will bring it into the chamber.

CUBA

TRADE RELATIONS—GOVERNMENT POLICY

Hon. Lorna Marsden: Honourable senators, given the changes in the world situation, the situation of Cuba becomes particularly interesting. I wonder if the Leader of the Government could tell this chamber whether the government's policy toward trade with Cuba has changed, or whether the government is contemplating a change in the trade relations with that country?

Hon. Lowell Murray (Leader of the Government): Honourable senators, I will ask for a status report from the Secretary of State for External Affairs.

Senator Marsden: Honourable senators, I wonder if the minister would be kind enough to ask what the Government of Canada's reaction is to the recent movement of the leadership in Cuba towards a relationship with a number of Arab states? There have been meetings recently in Havana involving the leaders of the Cuban government and representatives of the governments of Iran, Libya, Syria and Tunis. I wonder whether the government has an interest in that situation and whether that kind of realignment would have any impact on our policy?

Senator Murray: I would be glad to put that question to my colleague as well, honourable senators.

FISHERIES

FOREIGN OVERFISHING OF NORTHERN COD—STATUS OF NEGOTIATIONS

Hon. William J. Petten: Honourable senators, my question is for the Leader of the Government. A few days ago, the European Community offered to cut the amount of northern cod taken in international waters just outside the 200-mile limit, if they were allowed the entry to Canadian ports that has been denied them since the early 1980s. News reports say the European fisheries ministers will reduce their established catch level by half. How can this be a concession, since they have no legal right to catch northern cod in the first place!

The Honourable John Crosbie has called the offer an insult and a gimmick. I certainly agree with him. In light of the foregoing, my question is: Are the negotiations continuing and, if so, at what stage are they now?

Hon. Lowell Murray (Leader of the Government): There again, honourable senators, I would ask for an update from my cabinet colleagues on that matter. The honourable senator has correctly quoted the Minister of Fisheries and Oceans, Mr. Crosbie, as to Canada's response to that non-offer or to that non-concession by the Europeans. I do not think there is anything I need to add.

Senator Frith: It was not a non-offer; it was a non-concession.

THE CONSTITUTION

BEAUDOIN-DOBBIE REPORT—STATEMENTS OF MINISTERS

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): My question is for the Leader of the Government. Has the minister been able to obtain any statements, clippings or smidgeons of information from radio stories where Ministers Loiselle, Masse or Benoit Bouchard have said anything favouring the Beaudoin-Dobbie report and favouring Canada?

Hon. Lowell Murray (Leader of the Government): Honourable senators, I must confess that I have not been terribly diligent in my search since our exchange the other day, as I do have other things to do.

Hon. Royce Frith (Leader of the Opposition: Advertising campaigns—

Senator Murray: Well, yes, as a matter of fact.

Senator Frith: —telling the whole story.

Senator Murray: Again, I want to assure the honourable senator that if anything turns up, I will be glad to share it with him.

Senator Frith: But you will be looking the other way.

DELAYED ANSWERS TO ORAL QUESTIONS

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, I have four delayed answers to oral questions, the first one raised on March 26 by Senator Marsden regarding government policy on child benefits; another by Senator Bonnell on April 7 on the status of bankruptcy legislation; another on the same day by Senator Molgat on the nature of advertisements regarding the Beaudoin-Dobbie report; and another on April 8 by Senator Haidasz regarding the recognition of Macedonia.

THE ECONOMY

EFFECT OF GOVERNMENT POLICY ON CHILD BENEFITS

(*Response to question raised by Hon. Lorna Marsden on March 26, 1992*)

With regard to the amount of benefits, a one-child family with earnings of $20,000 who did not claim the child care deduction would receive the maximum basic benefit of $1,020 plus the maximum earnings supplement of $500 plus the child care-related benefit of $213 for a total of $1,733.

If this same family claimed the child care expense deduction, it would not receive the additional child care-related benefit of $213, and its total benefit would be $1,520.

The basic benefit for a family with one child and earnings under $3,750 would be $1,020.

With regard to costs, over the next five years, the federal government will be spending an additional $2.1 billion, or $400 million annually, on the enriched child benefit. These expenditures are in addition to expenditures on current benefits for the 1992 tax year, that is for Family Allowances payable during 1992 and for the Child Tax Credit that will be paid in 1993 in respect of the 1992 tax year. Total expenditures on the proposed Child Benefit will amount to $4.9 billion annually.

THE ECONOMY

STATUS OF BANKRUPTCY LEGISLATION

(*Response to question raised by Hon. M. Lorne Bonnell on April 7, 1992*)

The Government hopes to proceed with the passage of the bankruptcy legislation shortly after the Easter Break.

THE CONSTITUTION

BEAUDOIN-DOBBIE REPORT—NATURE OF ADVERTISEMENTS

(*Response to question raised by Hon. Gildas L. Molgat on April 7, 1992*)

The advertisements for the report of the Joint Parliamentary Committee on the Constitution began on March 27, 1992 and will run to April 19, 1992 with a one week

break from March 31 to April 5. There is a possibility that the advertisements will be extended to April 30th. The advertisements will run on all networks and all markets.

The cost for the advertisements, including production costs and media placement, amounts to $1.9 million.

MACEDONIA

RECOGNITION OF INDEPENDENCE

(*Response to question raised by Hon. Stanley Haidasz on April 8, 1992*)

The people of Macedonia have a legitimate claim for recognition. Together with our friends and allies, the government wants to see this recognition as a positive contribution to the stability of the Balkans, not a negative one.

Canada will continue close consultations with friends and allies on this issue.

The Secretary of State for External Affairs has maintained close contacts with both Canadians of Macedonian and Greek origin who are interested in developments in the region.

ANSWERS TO ORDER PAPER QUESTIONS TABLED

VETERANS AFFAIRS—NAMES OF ATTENDANTS AT YOKOHAMA COMMEMORATIVE SERVICE

Hon. John Lynch-Staunton (Deputy Leader of the Government) tabled the answer to Question No. 59 on the Order Paper—by Senator Marshall.

EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT—ELIGIBILITY AND PAYMENT OF DIRECTORS

Hon. John Lynch-Staunton (Deputy Leader of the Government) tabled the answer to Question No. 60 on the Order Paper—by Senator Stewart.

RULES OF THE SENATE

SUBSIDIARY MOTIONS—SPEAKER'S STATEMENT

The Hon. the Speaker: Honourable senators, the question was raised yesterday whether or not the motion moved by Senator Di Nino "that Bill C-12 be placed on the Orders of the Day for third reading at the next sitting of the Senate" is a debatable one. I ruled at the time that, in my opinion, it was not debatable and promised to return to the House today with a more detailed explanation for my ruling. I do so now.

[*Translation*]

Honourable sénators, Rule 63(1) describes explicitely which motions are debatable. Rule 63(2) states that:

> "All other motions unless elsewhere provided in these rules or otherwise ordered, shall be decided immediately upon being put tothe Senate, without any debate or amendment."

[*English*]

The motion "that a bill be read the third time on a certain date" is neither a substantive motion nor a dilatory motion. According to our parliamentary authorities, quite clearly it is what is called a "subsidiary motion". *Beauchesne's Sixth Edition*, citation 559(4) states:

> Subsidiary motions are used to move forward in different stages of procedure through which they must pass before their final adoption. Motions for the readings of bills are in this class.

[*Traduction*]

Erskine May's Twenty-First Edition, at page 321-2 states:

> "Substantive motions are self-contained; subsidiary motions may be (1) ancillary motions dependent on an order of the day, such as the motion that a bill be now read a second time, or that the House agrees with a report of a committee; (2) motions made for the purpose of superseding questions such as motions for the adjournment of a debate; (3) motions dependent on other motions such as amendments."

[*English*]

Some subsidiary motions are debatable. For example, rule 63(1)(*b*) allows for debate for the second reading of a bill; rule 63(1)(*c*) for any amendment; rule 63(1)(*e*) for the third reading of a bill. However, nowhere in rule 63(1) does one find that a motion for the appointment of a reading of a bill, be it second or third reading, can be debatable. Since rule 63(2) specifies that all other motions not listed in rule 63(1) are to be decided without any debate or amendment, which rules were the basis for my ruling, the motion proposed yesterday by Senator Di Nino regarding Bill C-12 cannot be subject to debate.

Hon. Royce Frith (Leader of the Opposition): Honourable senators, the Table gave me a copy of the ruling. It reflects a careful study of the relevant provisions as we requested.

During debate yesterday, I showed Senator Molgat the *Beauchesne* extracts that are referred to here, and I agree that this is clearly a subsidiary motion. Unfortunately, that is not the wording that is used, and some subsidiary motions are debatable. Our rules use the words "procedural motions", which unfortunately led to this debate, because that is what is called "not a term of art". In other words, there is no definition of it. There is no place where you can turn to find out what it means.

For that reason, it would be worthwhile to have the decision appealed, but I am quite happy to have it stand on division so that it will come to the attention of the committee that is doing the review of our rules and have them focus on whether or not we want to define it, to change it to say "subsidiary", or do something with the fact that the concept "procedural rule" is hanging out there with no definition.

It is for that purpose that I would appeal the ruling, but I am happy to have it stand on division if, as I anticipate, my colleagues opposite support the ruling.

Hon. Lowell Murray (Leader of the Government): Honourable senators, yes, we support the ruling; and yes, we do support the idea that the committee looking into our rules might further consider whether some definition of procedural motion or other option should be considered as they study these rules.

Speaker's ruling sustained, on division.

● (1500)

FEDERAL-PROVINCIAL FISCAL ARRANGEMENTS AND FEDERAL POST-SECONDARY EDUCATION AND HEALTH CONTRIBUTIONS ACT

BILL TO AMEND—SECOND READING

On the Order:

Resuming the debate on the motion of the Honourable Senator Lynch-Staunton, seconded by the Honourable Senator Sylvain, for the second reading of Bill C-60, An Act to amend the Federal-Provincial Fiscal Arrangements and Federal Post-Secondary Education and Health Contributions Act.

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, as we agreed yesterday, we will be going into Committee of the Whole on this item—that is, unless someone else wishes to speak to it—but we have to put the proper motion forward first.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Yes, honourable senators. Yesterday I made that proviso, unless others wish to speak. I know of no other senators who wish to speak now, so we are prepared to proceed to Committee of the Whole.

Senator Lynch-Staunton: I then move that after the bill is given second reading, we resolve ourselves into a Committee of the Whole. The minister will be coming to us immediately after Question Period in the other place. Perhaps we could approve the referral to Committee of the Whole and then go on to another item of business and suspend it and return to this item as soon as the minister arrives.

Senator Molgat: Agreed.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE OF THE WHOLE

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

Senator Lynch-Staunton: Honourable senators, I move that the bill be referred to Committee of the Whole later this day.

Motion agreed to and bill referred to Committee of the Whole.

YOUNG OFFENDERS ACT

BILL TO AMEND—THIRD READING—DEBATE ADJOURNED

Hon. Consiglio Di Nino moved the third reading of Bill C-12, to amend the Young Offenders Act and the Criminal Code.

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

Hon. Earl A. Hastings: Honourable senators, if the motion is debatable, I should like to make a few observations before the Senate renders a final decision with respect to Bill C-12, in the hope that I might convince honourable senators to let wisdom prevail so that we can return this bill from whence it came, or at least return it to committee for study.

I say that, honourable senators, because Bill C-12, as we have it before us, is a rather sad, sick reaction by the government to a few highly publicized, exceptional cases of violence by young people. Its response, honourable senators, is to increase custodial treatment by increasing sentences and punishment towards the offender without any consideration being given to rehabilitative programs. It does not address the problems of violence by our young people, but rather, in the guise of introducing "flexible sentencing", it introduces harsh penalties. It does so in spite of the accepted knowledge of those associated with corrections that longer sentences and increased punishment have no effect whatsoever with on the incidence of violence or crime in society.

That seems to be the history of this government. It started in 1986 with the introduction in this house of Bill C-67 and Bill C-68, which was to detain in custody anyone who might reoffend during his earned period of release under mandatory supervision. The fact that you cannot identify who will reoffend does not matter. The government of that day had to enact that bill to convince the people that keeping offenders in longer was a matter of better public protection.

I cannot understand how the public can go on letting this myth be forced on them by the government, this myth that, the longer the sentence, the more protection there is afforded to the public. The fact is that the longer the sentence, the more violence we have in society. No one seems to address or accept that fact. Punishment by way of longer sentences has no effect whatsoever with respect to violence in society.

Probably the worst offence on the part of this bill is that it represents a direct frontal attack on a conception I thought we had come to accept with respect to the young offender, namely, that there was a system for young offenders which would be separate and apart from the adult system, for obvious reasons. It was to be a system in which they would have their own judges, courts and institutions. This bill makes it much easier, and is sending the signal to the judges and the courts that we have made it easier,to move the offender from youth court to adult court. Witness after witness who appeared before the committee confirmed the fact that by making it easier we would have more youths going to adult court with the resultant longer sentences. The Minister of Justice said that the changes would boost public confidence, yet witness

after witness said there was no appreciable increase in public protection provided by this bill.

The long-term interests of society, honourable senators, can best be served by the rehabilitation of the offender into an acceptable citizen within our midst. But that lesson is completely lost on this government, which retains the age-old thought and policy that public protection means longer sentences in custody, when that does not contribute to public safety but may, in fact, aggravate the violence.

● (1510)

This bill increases sentences and will increase the numbers in custody. It offers nothing to troubled youth with respect to mental health, education and welfare systems in trying to focus on the problems of youth. What about the problems of drug and alcohol abuse and learning disabilities? Family abuse and poverty are not addressed, and there is no intention of addressing them. All of these things make a great contribution to the difficulties with respect to youth criminality.

There are no plans for a national day care policy or other areas of social commitment. Indeed, there is a commitment to reduce contributions to programs, as was indicated by my colleague, Senator Bonnell, with respect to the federal contribution to juvenile justice services. In 1991 it was $161,900; in 1992 $156,922—a slash of $5 million with respect to the Government of Canada's contribution to the program services of youth in conflict with the law.

Money will be saved in the short run. However, honourable senators, I rather suspect that a price will be paid in the future as we let this idea of custodial programming solve our problems.

Notwithstanding the fact that all of the witnesses repeatedly called for better programs and facilities for young people, the government's answer is to drag more youths into the justice system and transfer them to adult court. Witness after witness repeatedly stated that incarcerating young people is unacceptable and potentially dangerous to many. This was confirmed by a representative of the Criminal Lawyers Association who recalled to us a situation where a senior official of Correctional Service Canada testified at a transfer hearing before the Ontario Court of Appeal and stated that in the penitentiary "there exists a real risk of physical danger, a risk of becoming involved in involuntarily sexual activities, and the likelihood of the young person having to accept or adopt the codes of behaviour in living in such places."

Honourable Senator Di Nino says that putting more young people into that environment is much more humane and less punitive than the existing law; that it is real. Let me quote from the *Corrections Digest* of February 5, 1992, which stated:

> The case involves Clifton Redman, who was an 18-year-old with no criminal record when he was arrested in 1983 on burglary and theft charges.
>
> Redman, then 5-foot-6 and about 130 pounds, was initially placed in a unit of San Diego's South Bay Detention Facility designed for so-called young and tender inmates—those who might face harm in the general jail population.
>
> About a week later, however, he was transferred to the area of the general population after an argument with another inmate.
>
> Redman was assigned to a two-bunk enclosed cell with Kevin Clark, 27, incarcerated for violating parole after conviction on a sex offense and listed as an "aggressive homosexual" who had been moved from the jail's homosexual module after reports that he manipulated and coerced sexual favours.
>
> Clark raped Redman on the first night in the cell . . .
>
> The next day, Redman was gang raped by Clark and two other inmates. He was raped by Clark the next morning, as well, before being released from custody.

Honourable senators, I cannot, in my wildest imagining, classify that as more humane treatment. That is the treatment that awaits the young offender when he is consigned to the penitentiary.

Lest San Diego seems far away, let me read to you from a letter that I received from an older inmate in a penitentiary not very far from where we are right at this moment. He stated:

> My life began in orphanages and foster homes with no solid emotional ties . . . I do not recall anything closely resembling a happy childhood . . . If you examine my warrants of committal you will discover that I was placed in a provincial jail with adult felons in 1955. My age then would have been 14 years old. I received 15 days at that time for drunkenness and resisting arrest.
>
> After doing time in a provincial jail in 1955, I was then sent to reform school for five years in 1956 for stealing a truck, which should tell you they knew I shouldn't have been in an adult jail the year previous. During my time in jail in 1955, I was raped repeatedly and forced to provide sexual release for others in order to be protected from the violent rapes of other inmates. You call me a homosexual by choice in reports, but none of you were there to protect me from that abuse.

We will not protect them from that abuse with this bill. We will send them off in bigger numbers for that same type of abuse, for that "humane treatment." Also, there will be more of them going. Professor Nicholas Bala, who appeared before the committee, stated that "for murder offenses, there will be more transfers and for other offenses, it is possible there will be more transfers."

The Executive Director of the Canadian Foundation for children, Mr. Brian Weagant, stated that "there is no question that this was a response to the public and the Attorneys General asking the government to get a little tougher in some way to restore public confidence . . . I think it is going to facilitate transfers. We have sent a message through these amendments, that 'we are making it easier for you.'"

[Senator Hastings.]

It will make it easier for crown attorneys to have these young people sent off to adult court and to federal institutions.

Honourable senators, there is nothing in this bill that, with the wildest imagining, could contribute to public protection. There is nothing in this bill, as the minister said, that would lead one to think there would be any deterrence to violence by young people. There is nothing to provide some reasonable programs for youth or address the problems of youth in trouble with the law. There is nothing with respect to public education. The public needs to be informed with respect to youths in trouble with the law.

However, there is a great deal in this bill with respect to political opportunism. There is a great deal in this bill for a government in trouble, and which, with this bill, can answer the misinformed screams of the multitude with retribution and vengeance.

In conclusion, honourable senators, no society should allow its young people to be placed in these circumstances. I thought we had accepted that principle with the *Young Offenders Act*. I thought we had accepted that principle when we signed the United Nations Convention on the Rights of the Child, which states:

> Every child deprived of liberty shall be treated with humanity and respect for the inherent dignity of the human person, and in a manner which takes into account the needs of persons of their age. In particular, every child deprived of liberty shall be separated from adults unless it is considered in the child's best interest not to do so.

● (1520)

I remind you, honourable senators, we were a signatory to that convention. Of course, when the Prime Minister got home, after being front and centre, we had to withdraw. It is a sad day for every Canadian to know that we cannot be part of that convention because of our policies. We cannot live up to that convention, as reflected in this bill.

In his opening statement to that Children's Summit, the Prime Minister specifically invited the children "to listen carefully to what we say and, in the coming years, to hold us to our commitments. I hope none of us will be found wanting." Honourable senators, the Prime Minister and the government will be and have been found wanting in respect of Bill C-12.

There is nothing offered in this bill to address the problems of youth or youth in conflict with the law. There are no rehabilitative programs provided for whatsoever, either within custody or without custody. It offers only brutal, raw, punitive punishment. For those reasons, I would hope that we on this side join in voting against it.

Senator Lynch-Staunton: I move the adjournment of the debate so that we may go into Committee of the Whole and hear the minister on Bill C-60. We will come back to this item right afterwards, as agreed, I believe.

On motion of Senator Lynch-Staunton, debate adjourned.

FEDERAL-PROVINCIAL FISCAL ARRANGEMENTS AND FEDERAL POST-SECONDARY EDUCATION AND HEALTH CONTRIBUTIONS ACT

BILL TO AMEND—CONSIDERATION IN COMMITTEE OF THE WHOLE

Leave having been given to revert to Order No. 3.

On the Order:

> Resuming the debate on the motion of the Honourable Senator Lynch-Staunton, seconded by the Honourable Senator Sylvain, for the second reading of Bill C-60, An Act to amend the Federal-Provincial Fiscal Arrangements and Federal Post-Secondary Education and Health Contributions Act.

The Senate was accordingly adjourned during pleasure and put into a committee of the Whole on the bill, the Honourable Nathan Nurgitz in the Chair.

Senator Murray: Mr. Chairman, if it is the wish of the committee, I would bring the Deputy Prime Minister and Minister of Finance, The Honourable Don Mazankowski, to the committee.

Pursuant to rule 21 of the Rules of the Senate, the Honourable Don Mazankowski, Deputy Prime Minister and Minister of Finance, was escorted to a seat in the Senate Chamber.

Senator Murray: Mr. Chairman, I believe all honourable senators know the Honourable Don Mazankowski, a member of the House of Commons for Vegreville since 1968. He has served as Minister of Transport, President of the Treasury Board and Minister of Agriculture, and has been Deputy Prime Minister since 1986 and Minister of Finance since April of 1991.

We are very glad to welcome you here to the unreformed Senate of Canada. Stay as long as you like. We are always very happy to have you here.

I think Mr. Mazankowski has a brief opening statement to make on the bill, after which honourable senators may wish to ask questions about various clauses.

Mr. Don Mazankowski, Deputy Prime Minister and Minister of Finance: Thank you very much, Senator Murray and honourable senators. I am pleased to come before you to speak about Bill C-60, the renewal of the equalization bill, which basically is part of a longer bill. For all intents and purposes, we are focusing on the renewing of the equalization program.

Essentially, the package consists of four components. First, the equalization program is renewed for two years. Normally this is a five-year measure. I will get into the reasons for the two years later on.

Secondly, we are proposing to make improvements in the measurement of fiscal capacity. This is an ongoing challenge, and we have reached agreement with the provinces on some improvements in that regard.

Thirdly, the equalization ceiling will be rebased to 1992-93.

Finally, a technical irritant which has cost the receiving provinces considerable amounts of money is being removed. That is the interaction of the equalization and the Established

Programs Financing where it has served to short-change receiving provinces from that which they are entitled to. That is going to be eliminated. The effect of this irritant would be to reduce the have-not provinces' cash payments under EPF, and under this we will be compensating the provinces retroactively for revenues they have forgone. This bill will ensure that this kind of situation does not recur. We will be going back and settling with them to 1988-89.

The bill renews the equalization program, as I said, for a period of two years rather than five years. We are going through a comprehensive review of fiscal transfer programs, and the consultations with provinces are going to continue. The two-year extension period will provide impetus and flexibility for further changes in the context of the ongoing review of the three major transfers to provinces. Those are the Established Programs Financing, the CAP, which is the Canada Assistance Plan, and the equalization program.

In addition to the important equalization initiative, this bill proposes to confirm the government's authority to enter into agreements with the provinces in respect of the mutual administration of taxes and to simplify mutual tax administration in this country. This is to authorize provincial governments to collect on behalf of the federal government and the federal government to collect on behalf of the provinces. The bill will therefore facilitate cooperation between the federal and provincial governments in the mutual administration and the enforcement of each others' taxes. It will simplify the payment, and payments for taxpayers and governments.

● (1530)

I should tell honourable senators that there has been a lot of discussion with respect to this bill with finance ministers. There have been many meetings, and they are ongoing. The provinces are supportive of this issue. They are pleased about some of the improvements that we have made.

Of course, they are looking forward to its speedy passage. One of the reasons for the delay in bringing the bill before the house was the fact that we wanted to ensure that we had provincial government support for the initiatives we were bringing forward.

Honourable senators, I am joined by Mr. Russ Robinson, who is the Assistant Deputy Minister who looks after these matters, and Mr. Frank Gregg, who has headed up our team in the negotiations with the provinces.

I am now prepared to answer your questions, honourable senators, or to listen to your comments.

Senator Frith: Minister, you referred in your opening statement to a comprehensive plan. So you will understand the context and why we oppose this bill but see no advantage in delaying it, it is because we see it as part of a comprehensive plan that is dismantling important structures of federalism.

I believe I am not twisting or making tortured inferences when I say that this government appears to have the intention to cut transfer payments of all kinds to the provinces. We saw it with Bill C-32, the Canada Assistance Plan legislation, which extended a freeze on CAP transfers to Ontario, Alberta and British Columbia. This legislation, by the government's own estimate, will cost those three provinces over $2 billion.

We saw something similar with Bill C-20, which extended the two-year freeze on Established Programs Financing, a freeze first introduced in the last session as Bill C-69.

I checked the government's estimate. As I read it, in the 1990 budget papers, that freeze would reduce EPF transfers by $7.364 billion over five years. That was before the freeze was extended for another three years as a result of the provisions of Bill C-20.

Mr. Minister, have these discussions that you referred to with the provinces included discussions as to how the provinces will absorb the costs of these cuts? What advice, if any, have you and your colleagues been giving the provinces about adjusting to these losses?

Mr. Mazankowski: Senator Frith, there has to be some misunderstanding here. This measure is not a cut in funding to the provinces. It is an enrichment of about $400 million this year, and $200 million next year.

I find it strange answering a question which is fundamentally flawed to begin with.

Senator Frith: Do you quarrel with the overall plan to reduce and cut transfer payments to the provinces?

Mr. Mazankowski: I certainly do.

Senator Frith: That is very good news.

Mr. Mazankowski: The history of transfers to provinces has been quite the contrary. In 1984-85, the transfers to the provinces, both in terms of cash and tax points, was $25.6 billion. In this past year, 1991-92, the figure reached $37 billion. In the current fiscal year it will reach about $39 billion. In the next fiscal year it will be in excess of $40 billion. That is not a cut; that is an increase.

Senator Frith: I refer you to the budget papers of 1990, Table 3, which is headed "Expenditure Reductions and Management Initiatives". Under the third point are the words, "Programs frozen for two years—" I take it this is an example of an expenditure reduction"—EPF—$7.364 billion." If I were a province, I would not feel enriched.

Mr. Mazankowski: You will find my figures, Senator Frith, in the budget papers.

Yes, there has been a reduction in the rate of increase from the planned expected expenditures. For example, under the provisions of the Canada Assistance Plan, there has been a ceiling of 5 per cent placed upon those provinces which are categorized as the "have" provinces.

Senator Frith: Is that not a reduction? If I am in a province, should I feel enriched about that?

Mr. Mazankowski: An annual increase of 5 per cent per year does not sound like a reduction to me.

Senator Frith: But it is a reduction; it is capped.

Mr. Mazankowski: It does not sound like a reduction to me, Senator Frith, and it is not a reduction. In fact, in terms of the

so-called "have not" provinces, that growth is almost 8 per cent per year, and you are opposed to it. I am sure the "have not" provinces will be most interested in that.

Senator Frith: So my company, namely, the provinces, who have the impression, and who are complaining that they have been subject to reductions, and who have given speeches about it, and whose positions we have put on the record, are all mistaken. They should not feel impoverished? They should not feel that they have to scramble to find sources of revenue because of your policies, but should feel enriched? I am not the only one who feels this way.

Mr. Mazankowski: I repeat again, Senator Frith, transfer payments to the provinces have increased, and are increasing. They have increased from a level of $25.6 billion in 1984-85, to a level of $37 billion in 1991-92, to $39 billion in 1992-93, and in excess of $40 billion in 1993-94. That is not a decrease.

Yes, the rate of growth has been contained somewhat, but the rate of inflation is running today at about 1.6 per cent to 1.7 per cent. Obviously, you cannot continue to have increases at the rate of 10 per cent and 12 per cent per year when you have inflation at that particular rate.

We have a debt problem. We have a deficit problem. Each and every one of us in our respective administrations are called upon to deal with this issue.

Senator Frith: I can understand it must be very difficult to deal with such wrong-headed ingrates who seem to be complaining about your programs, and to whom I have been listening. I take it they will be able to read the evidence of this session of the Committee of the Whole and, perhaps, find it a bit bracing. They will understand that they have been wrong all this time and feel better about what has been happening. All we can do, I suppose, is let them read the record.

Mr. Mazankowski: Senators, just for the record, and so that there is no misunderstanding, I can read the quotations from the recipient provinces who have expressed a great deal of pleasure about this particular provision.

The Finance Minister of Newfoundland said, "This is a real breakthrough and will help us get us through these troubled economic times."

The Finance Minister of Prince Edward Island expressed his concern that the results of the 1991 census could negate financial gain to the province from a renewal package. He wanted removal of the equalization ceiling, and was pleased with the rebasing.

Nova Scotia's Finance Minister said, "It takes pressure off us."

The Finance Minister of New Brunswick said that he is pleased with all components of the package.

Quebec is moderately satisfied, while Ontario is satisfied. Manitoba is pleased with the overall package, as is Saskatchewan.

Senator Frith: It just shows one cannot trust the newspapers and what we hear these people say.

Some Hon. Senators: Hear, hear!

Senator Frith: I will certainly be the first one to tell them that, no matter what they tell me, the Minister of Finance tells me they are delighted with the government's programs as far as relations with the provinces are concerned.

● (1540)

Senator Marsden: If I understand correctly what is going on in this bill, the base year for the ceiling provision is being changed to 1992-93, so there is no ceiling on the 1992-93 entitlements. As well, the value of the equalized tax transfer in the determination of program entitlements will reflect the equalization ceiling so that there is a benefit to the provinces of, I gather, more than $200 million.

In addition, because of the tax base improvements which are reflected in this bill, there will be additional benefits for the provinces of about $200 million, according to my information, in each of the two years that this bill will be in force.

Mr. Mazankowski: That is correct, Senator.

Senator Marsden: After 20 months of negotiating the equalization provisions, and given that all of this is happening in 1992-93, especially on the first matter that I raised being the potentially very large transfers to the provinces because of the ceiling change, why should the taxpayer—as opposed to the provincial authorities you cited—why should the taxpayer not be deeply cynical that all of this transfer is going to happen in an election year?

Mr. Mazankowski: That was certainly not one of the considerations taken into account. The equalization bill expired at the end of this fiscal year and there were a number of irritants that had to be resolved. We also recognized that this would have some positive benefit on the provinces meeting their current difficulties. It is clearly our expectation to continue to work on improving the tax base and improving the standard so that the equalization program can, in fact, work as it was intended to.

What we are dealing with here is not a fundamental restructuring of the program. We are really dealing with a number of irritants which have been before us for some time. The timing certainly has nothing to do with an election, unless you know when the election is going to be called. When we concluded this in January, it may have seemed ideal to think we should have had an election within a couple of months after rewarding the provinces with $600 million. We have a number of issues that we have to deal with.

The comprehensive fiscal reform that is part and parcel of the ongoing work is something that we will continue to work at. There are some provinces that want to deal with the issue of the cap on CAP. Obviously the ceiling was an irritant, when it which was put in place on the first occasion in 1982 and renewed again in 1987. The rebasing of it provides us with an opportunity to deal with that further.

There are still a number of outstanding issues with respect to equalization that have to be considered, such as the tax-back and the cost of providing services and the tax base. That work will continue to go forward. Hopefully, we can make improvements as we go along. But these, Senator Marsden,

were really important issues that were bothersome irritants. I think the fact that we were able to deal with these found favour with all provinces.

Senator Marsden: Believe me, I would not argue with the benefits that are being transferred to the provinces, because I do believe the burden is being felt very badly there.

Senator Frith: I have a supplementary about the two years versus the five years.

Senator Marsden: Please go ahead.

Senator Frith: Is it not correct that they are usually five-year renewals?

Mr. Mazankowski: Yes, indeed.

Senator Frith: The reason it is not a five-year renewal this time is that there are some outstanding irritants?

Mr. Mazankowski: That is correct.

Senator Frith: Were there no outstanding irritants on other occasions?

Mr. Mazankowski: I cannot speak to that. I presume there were outstanding irritants. I think the provinces would have been reluctant to accept this kind of program for five years without addressing the other irritants that are on the table. Dealing with the specific ones, as we have done in this particular case, gives us the opportunity to continue the work and applies pressure on all of us to address these other outstanding issues, which I must say are very complex.

Senator Frith: Are you ssaying that these issues did not exist previously, or that no issue like them existed previously?

Mr. Mazankowski: Some of them have existed for quite some time. Mr. Robinson may be able to give you some specific timelines on those. Some examples of the issues before us are the issue with respect to the need factor, which has a bearing on the province of Newfoundland; the way in which we consider resource revenues, which is an issue that affects Saskatchewan; there is a condition known as the tax-back which affects Newfoundland and Nova Scotia; the way we deal with property taxes, the assessed value or another measure—those are the kinds of issues which are ongoing and are very difficult to sort out.

Senator Frith: I can understand that. I am trying to relate it to the two years versus five years.

Mr. Mazankowski: I tie it into the major transfer review. Mr. Wilson, in his budget of 1991, proposed that we would be going through a major review of the fiscal transfers to streamline our approach while at the same time considering the irritants that the respective provinces have on their lists.

Senator Marsden: This bill will expire on March 31, 1994. I take it that you and your colleagues in the provinces will be in negotiation throughout this two-year period for the next round. Can you tell us to what extent the timing of these negotiations is linked with the question of constitutional change?

Mr. Mazankowski: These particular issues have been driven by their own strength and their own issues as contained within the irritants that the provinces have and by our concern for a greater degree of predictability and a program that works as it was intended.

Because the principle of equalization is, indeed, enshrined within the Constitution, we consider it an absolute necessity to transform that requirement into reality, and to that extent we continue to work at it. Obviously anything we can do from a federal point of view to enhance the relationship between the federal and provincial governments in the structural sense and in the program sense is going to create better harmony in terms of the unity of our country. Obviously that would be a factor whether we were facing a constitutional crisis or not.

Senator Marsden: My next question has to do with tax harmonization which, for the non-insider, looks pretty mysterious. You really raised my anxiety level in your opening statement by saying that you and your provincial ministers agreed this is a good thing, which probably means it is a very dangerous thing for the citizens that you agree on tax harmonization. Will there be money saved in the administration of taxation by the harmonization proposal?

Mr. Mazankowski: Very definitely so. Whether we can achieve it or not is another question. I don't think there is any question that, if we can harmonize our tax systems, it is not only more efficient but removes a level of frustration from the tax-paying public. To the extent that that can be achieved, I think it is a worthwhile goal.

At the federal-provincial level, we have a number of study groups which continue to work at finding ways to reduce duplication and overlap, and to identify cost drivers. To the extent that we can harmonize more effectively, which is not always possible, but I think it is a worthy objective, we can save money to the taxpayer.

Senator Marsden: Will the money saved then be returned to the provinces or to the federal government? How will the savings be negotiated between the levels of jurisdiction?

• (1550)

Mr. Mazankowski: There is only one taxpayer, and whether it goes to the province, the municipality or the federal government, it is the taxpayer who wins.

Senator Marsden: No, I think that is untrue. The federal government is downloading—for reasons which have been explained many times—many of the costs onto the provinces, I would argue. You might not agree, but let us just accept as an assumption for the moment that the provinces are bearing a greater part of the burden than ever before. The province I represent is subject to the cap on CAP and, for all other reasons, is bearing a great burden. It makes a material difference whether those tax savings go to the federal or provincial governments from a taxpayer's point of view.

Mr. Mazankowski: We both want to save, and if we save, we save our respective taxpayers.

You talk about the federal government offloading. Well, if you were to run the country in a strictly applied jurisdictional sense, we would not be involved in training, skills upgrading and education. Yet, we will spend $3.4 billion this year on training, skills upgrading and things of that nature. To follow your logic, I suppose we should not be involved in the building of roads, and yet we are very much involved in the building of roads in the Atlantic region. There are additional pressures for us to get involved in other forms of infrastructure that are strictly provincial and federal responsibilities. Yet, we do get involved. We get involved in many social programs in the provincial jurisdiction.

Senator Marsden: With respect, that is beside the point.

Mr. Mazankowski: It may be beside the point, but it is a fact of life.

Senator Marsden: There are many other facts.

Senator Frith: So is the price of potatoes.

Mr. Mazankowski: What is the price today?

Senator Marsden: The point I was making is you say there is only one taxpayer as though it is automatically a good thing that there be tax savings over harmonization. However, my argument is that it is not automatic. It may be a good thing in an abstract, general sense, but my question is: Which level of government will receive those savings, and how will the negotiations between the levels of government involved in tax harmonization take place or proceed?

Mr. Mazankowski: Whether it is in the area of harmonization in the collection of taxes, or whether it is in the removal of an activity that is duplicated and not necessary, obviously there will be times when one level of government will experience the bulk of the saving, and other occasions when it may be split on a 50-50 basis. It depends. I do not think you can apply a hard and fast rule.

Senator Marsden: In other words, there are no rules established at the moment for the way in which those savings will be distributed?

Mr. Mazankowski: What we are trying to identify, first and foremost, is savings. If we can identify savings and streamline and improve the way governments do business, then we can fight about how we will divide it up. I do not see it as a problem.

Senator Marsden: If you do not see it as a problem, that implies that the feds will do better than the provinces.

Mr. Mazankowski: I also pay taxes provincially. I am not one who believes that applying the responsibilities in a strict jurisdictional sense is the "be all and end all". We are faced with a constraint of fiscal resources that we must deal with in a very real way. To the extent that we can find ways and means of utilizing our resources in a more effective fashion and get more value for the dollars we spend, all legislators, whether they be provincial, municipal or federal, must devote a great deal of attention to that. We are attempting to do that at the federal-provincial level.

Senator Marsden: Will all provinces be treated the same way in such negotiations, or will there be variations from province to province in the way that tax savings are realized?

Mr. Mazankowski: It depends on the extent to which they want to get involved in harmonization. Some provinces are more eager to do this than others. This is enabling authority to do that. It is up to the province and the federal government.

Senator Marsden: My next question is a question of ignorance; I do not know the answer.

Mr. Mazankowski: I am surprised by that.

Senator Marsden: When those negotiations take place, will it be necessary for a bill to come before Parliament on the questions I am raising, or is that all at the regulatory level?

Mr. Mazankowski: It depends upon the nature of the legislation. It is hard to speculate. If you are talking about a new tax measure, whether it emanates from the provincial or the federal level of government, it would obviously have to receive parliamentary or legislative sanction at that level.

Senator Marsden: Mr. Minister, people in political life are often concerned that the citizen realize from which level of government benefits spring. That is quite reasonable, but citizens are also concerned. If a regime of tax harmonization should come into place—for example, over collection of the GST—how will it be clear to citizens which level of government is collecting taxes and how those taxes are being redistributed? Do you have planned, in parallel, a program to make that identification clear?

Mr. Mazankowski: We have harmonization in place now. I live in Alberta; I am an Alberta taxpayer, and I send my cheque to the federal government. I send it to the Receiver General of Canada. So, we have tax agreements in place today.

If you are asking me how it is divided up, I am not sure. I would have to go back and look at it. That is the way the system works now in every province, with the exception of Quebec. It has its own taxation system. Alberta collects its own corporate tax; but, on a personal tax basis, you send a cheque to the Receiver General of Canada.

The federal government collects taxes on behalf of the province of Alberta. That is why we have the tax agreements. That is part and parcel of another initiative I referred to.

There was a paper released six months ago with respect to a tax on income, wherein the provinces wanted greater freedom to move away from the tax agreements with the federal government and establish their own level of taxation and their own tax collecting system. Some provinces are inclined to go that route; others want to retain the status quo. A study was put together on this, with a public discussion that has been ongoing, and we are looking at that particular provision. There were specific guidelines associated with it; i.e., that we wanted simplicity in the tax system and some degree of harmonization, transparency and flexibility. Those are basic and essential requirements for any tax system.

What we are putting in this bill is not something new. It is, in effect, something that exists today, and will require the cooperation of the two levels of government for it to take place.

Senator Frith: The question was how can the taxpayer tell which level of government is imposing the tax, and your answer is he cannot?

Mr. Mazankowski: Well, it is right on your tax form when you fill it in.

Senator Frith: You said you could not tell in Alberta.

Mr. Mazankowski: Just for clarification, I said I cannot tell right now because I do not have the figures in my head, but you have it on your tax form when you fill out your tax form.

Senator Frith: If you have harmonization with the GST, would the result be the same? Could you tell?

Mr. Mazankowski: Of course.

Senator Frith: When you are paying at the wicket, if there is harmonization of collection, will you know?

Mr. Mazankowski: Obviously. That is not something that we can dictate to the provinces, whether or not it is transparent. The way in which the GST is applied is a matter for businesses within the domain of the provinces. Some prefer to have it transparent.

Senator Frith: I was not blaming anyone. I was asking if you would know.

Mr. Mazankowski: Some prefer to have it embedded in the price, but it can always be calculated.

Senator Marsden: Mr. Minister, perhaps I should rephrase my question. We all send our cheque to the federal government but, as you just said, on our tax forms it is very clear which government is taxing us.

Senator Frith: With respect to income tax, it is very clear.

Senator Marsden: With respect to the sales taxes, at a typical store in Ontario, the customers pay. They curse the federal government for the GST; they curse the provincial government for the PST, and everybody agrees and goes home.

If I understand the proposed harmonization—and that exists in Quebec—how will that social ritual take place, the symbolic shaking of fists at government taxes?

This is Senator Frith's question. How do you know whether the sales tax you are paying is at a federal or provincial level if it is a one-lump, harmonized tax?

● (1600)

Mr. Mazankowski: I thought it was on the sales slip. I find it rather strange that everyone is concerned about identifying the GST, yet we have had an FST in place for approximately 60 years. No one knew whether they were paying it, or what they were paying it on, or what amount it was. At least you have something. You know that you pay a 7 per cent GST.

Senator Frith: That is not what we are asking. We are really looking for information regarding whether or not the planning that you refer to as harmonization will result in people knowing or not knowing. That is all. I thought your answer was that how they do it will depend on the province.

Mr. Mazankowski: We cannot dictate to the provinces how the GST should be implemented.

Senator Frith: I understand.

Mr. Mazankowski: That is, whether it can be embedded in the price or whether it can be transparent.

Senator Frith: Or even whether it is put on sales slips.

Mr. Mazankowski: We have always indicated that our preference is that the GST be transparent so that people know what they are paying. All we can do is give that recommendation.

Senator Frith: I understand.

Senator Marsden: But because transparency was the basis of the GST could you not be absolutely non-negotiable in your negotiations with the provinces on this matter? Could you not say, "We will harmonize at the level of collection, distribution, or whatever, but it will always be clear to the taxpayer what they are paying"? Could you not do that?

Mr. Mazankowski: For example, my province of Manitoba makes it mandatory to disclose the taxes, whether they be provincial or federal, when you buy the article. That is required by law.

Senator Marsden: And is it not equally true that the federal government could say exactly the same thing in a harmonization agreement, namely, "Make it mandatory"?

Mr. Mazankowski: We can say it, but my understanding is that we cannot impose that.

Senator Frith: I understand that. I think you are right.

Mr. Mazankowski: That is what we have been saying. When Mr. Wilson brought in the GST he indicated that we wanted transparency in the tax because for the first time people would have a better idea of what they were paying in the form of tax and what they were being taxed on. Judging by the flack that we take at the checkout counter every time we buy something individually I can tell you that it is pretty transparent in most places that I go to.

Senator Marsden: That is precisely why one expects that the federal government might be trying to harmonize it out of existence. You are assuring us that the federal government is not trying, through harmonization, to make it less transparent than it is now?

Mr. Mazankowski: We are trying to accommodate here. This is not the issue in this legislation, with respect. This is something that was incorporated to help the provinces, if they so desire, to enter into tax agreements of any sort with the federal government.

Senator Frith: It was brought up in the debate that harmonization was one of the things you were talking about and one of the reasons you wanted to have it for a period of two years instead of five years.

Mr. Mazankowski: We continue to talk about the issue of harmonization—how we can improve the competitive situation of Canada and how we can stop or contain cross-border shopping. It is all part and parcel of our collective approach to try to deal with these issues.

Senator Bonnell: Welcome, Mr. Minister, to this upper chamber. We are pleased to see you here. We would rather have you on this side. We will perhaps wait until next year for that to occur. You are one of my favourite members of the government.

Senator Frith: Do not consider that a formal offer yet!

Senator Bonnell: Since you are one of my favourite members of the government, I would hate to see you not have any power in the other place, because I would rather you were over here. I should like to extend that invitation to you now. You could probably have the seat that the present leader has now, if you so wished. In fact, you could probably have our leader's seat.

Senator Frith: Certainly, as long as I am over there!

Senator Bonnell: The fellow who is presently the Leader of the Government does not seem to have any answers when we ask him, but you seem to have a lot of answers.

Perhaps you can tell me something concerning the EPF funding to the provinces for their health and education grants. Can they still spend that money building roads in some of the provinces?

Mr. Mazankowski: I am not sure that they do or could, but that was Mr. Lalonde's intent. Perhaps Mr. Robinson can respond to this in terms of what sort of checks and balances there are.

Senator Frith: Is that one of the irritants?

Mr. Mazankowski: No. It is not one of the irritants. It is a matter of the accountability of EPF and other transfers.

Mr. Russ Robinson, Assistant Deputy Minister, Federal-Provincial Relations, Social Policy Branch: It is true that converting to the block file in the late seventies and disconnecting from the dollar for dollar or 50-cent dollar regime freed the provinces up to allocate moneys more flexibly within the health and education sectors and allowed them to make their budget decisions about the growth of those sectors with less influence through that 50-cent dollar regime. Those were the purposes, because some real binding straits had developed over the years allowing some things to be shared and some things not to be shared, and so on.

I was around at that time. I recall the discussion about the provinces wanting more flexibility for the development of both their education and their health sectors. They get their money on a per capita basis now, untied to the actual spending in those accounts in the provincial budgets themselves.

Theoretically, one could say that they are spending the money on roads, although it is clear that they spend a lot more on their health and education sectors than simply the EPF grant.

You have heard provinces talk from time to time about what the share has become over time as if the old regime was still there and being accounted for on a shared basis, even though they are no longer linked or tied. The answer that we always give when we are asked is that the commitment of the provinces on the health sector is through the *Canada Health Act* and through the other agreements and involvements that the federal government has on the health side.

On the education side, it is pretty much up to the provinces how big their post-secondary education budgets are, how fast they grow, the demography, their own particular circumstances, and so on. There are vehicles available. For example, they can go through the council of ministers and ministerial discussions, or through programs that still do have joint involvement, such as the Canada Student Aid Program, and so on. There is a fair amount of federal-provincial linkage. But the EPF money does not state what you must do this with it, with labels attached to it.

Senator Bonnell: My good friend the minister, to whom I just offered a seat over on this side, answers the questions in much the same manner as our present leader does—that is, by passing the buck to someone else to answer the question.

Mr. Mazankowski: I just want to make sure that they are accurate, that is all.

Senator Bonnell: Our present leader never seems to have an answer. He always says that he will find out and come back to us later on. But we still want you here, Mr. Minister.

Mr. Mazankowski: Thank you very much.

Senator Bonnell: Could you tell us why Prince Edward Island's payment involving juvenile offenders for this year has been cut? We were cut 50 per cent from last year's budget.

Mr. Mazankowski: I cannot answer that specifically, but I would be very glad to look into it.

Senator Frith: We now know where he learned all that.

Senator Bonnell: Prince Edward Island last year got $5,176,349.00 and now the amount is $2,224,377.00 under the *Young Offenders Act*. You might find out some information for me and send me a note concerning that.

Mr. Mazankowski: I will do that for you.

Senator Bonnell: Thank you very much, Mr. Mazankowski. Welcome to the Senate.

Senator Haidasz: At the great Economic Summit Conference in Toronto a couple of weeks ago we heard my premier, Mr. Bob Rae, complain that he does not get enough money to cover his expenses in taking care of post-secondary education in Ontario and the rising health-care costs.

● (1610)

Can the minister tell me this afternoon how much the system of federal funding is hurting Ontario, as far as providing for the costs of post-secondary education and health care are concerned?

Mr. Mazankowski: Transfers to the province of Ontario since 1984-85 have grown at an annual rate of 6.2 per cent. The total transfers in money and in tax points will reach $10 billion in 1992-93. That is up from $6.1 billion in 1984-85. In terms of the Established Programs Financing for this year, the Ontario government will receive $7.7 billion. That is a substantial increase. I do not have the figures for 1984-85.

However, in total between CAP and EPF, the growth of the transfer payments to the province of Ontario has been at an annual rate of 6.2 per cent. That is a faster rate of growth than Quebec, New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland, Alberta and British Columbia. Only two provinces had a higher rate of growth in terms of transfer payments on an annualized basis and they are Manitoba and Saskatchewan.

Senator Haidasz: Mr. Chairman, how can the minister state that this is enough money for health care services when in Ontario there is talk of shutting down whole hospitals, not only hospital beds, and laying off nurses and health care workers? In Ontario we have a decreased level of health care because of the rising costs of health care. Why does the federal government not increase funding for provinces to meet the high standards of health care in order that they do not have to shut down hospitals and/or cut hospital beds and lay-off nurses and other health care personnel?

Mr. Mazankowski: Nobody wants to see hospitals close down or health care services cut.

Senator Haidasz: We see it almost every day.

Mr. Mazankowski: When transfers to one province are increasing at the rate of 6.2 per cent on an annual basis and program expenditures are being contained to a rate of 3.5 or 3.6 per cent, it means having to cut disproportionately in other areas.

Senator Haidasz, we inherited a burden of debt that we have to deal with. As Canadians, all of us have to deal with it. There is only one taxpayer. Premier Rae agrees that when inflation is down at a level of 1.6 to 1.8 there cannot be expenditures of 5 per cent and 6 per cent. I agree with him. We all have to discipline ourselves. I said earlier that we have to find ways to utilize our scarce resources more effectively and get more value for the dollar that we are spending.

Ontario is not being shortchanged. Next to Saskatchewan and Manitoba, it has the highest rate of growth on an annual basis of all the provinces in Canada. It received $10 billion this year. There is an amount of $39 billion being transferred by the federal government to the provinces to provide for health care, education and welfare payments.

Ontario has the distinction that, during a period of approximately five years from 1985 to 1990 when it had one of the biggest booms in the post-war period, its rate of growth under the Canada Assistance Plan was at the rate of 17.5 per cent per year. That cannot continue any longer. We all have to discipline ourselves. As Premier Mike Harcourt so eloquently stated, "We are at the stage where we can't spend more, we have to spend smarter."

[Senator Haidasz.]

Senator Haidasz: That means, Mr. Minister, that our once great health care system is being eroded because accessibility is being denied to many sick people for the reason that the provinces have stated, namely, that they cannot afford it, and for that they are blaming the federal government. Has the federal government abandoned the main principles of the national health care system?

Mr. Mazankowski: There are $40 billion in transfers to the provinces largely for social, health and education purposes. Does that sound like an abandonment of that principle? Certainly not.

Senator Haidasz: The hospitals are closing down beds and laying off nurses. In the hospitals I visit I see a deterioration in health care.

Mr. Mazankowski: You are part of the old school that believes in continuing to drive up the deficit further or tax more. I ask you, if you want to spend more money, who do you want to tax, or do you want the deficit to go higher? You cannot have it both ways.

Senator Haidasz: Mr. Minister, have you not searched for ways of cutting certain expenses in National Defence or other areas of federal spending so as not to harm the national health care system?

Mr. Mazankowski: We have cut $2.2 in this budget. I have to tell you and other honourable senators that not only the provinces but indeed the stakeholders in the health sector recognize that we have to look at ways and means of reducing costs in the delivery of our health care. The Premier of New Brunswick is taking a leadership role in that; the Premier of Newfoundland is involved. Even the Premiers of British Columbia and Saskatchewan recognize that the growth in expenditures in the health system have to be disciplined. It is encouraging that both levels of government recognize this.

The people involved in the administration and the distribution of our health care system, which is one of the best in the world and one that we want to maintain, recognize that we have to do some things a little differently. To that end, at the First Ministers' Conference in Toronto we agreed to have a meeting of health ministers and finance ministers to see what we could do to sort this issue out.

No one wants to undermine the integrity of Canada's health care system. We want to improve it, and make it affordable. Some people even talk about a second generation of Medicare to face the realities of our times. This is an issue that is clearly on the plate of federal and provincial administrations. As a federal government, we have not deviated from the essential principles enshrined under the *Canada Health Act* which are accessibility, comprehensiveness, affordability, public administration and universality.

Senator Haidasz: Mr. Minister, you brought into our discussion the Premier of British Columbia. In the House of Commons you must have heard Ms. Dawn Black, a member from British Columbia, state that one of the reasons we have a crisis in our health care system in Canada is the increased

demand on that system of providing abortions for everyone who requests such a procedure.

● (1620)

StatsCan told us a week or two ago that, in 1990, over 95,000 recorded abortions were performed in Canada. I would like to know whether the Minister of Health or the Government of Canada agree that abortion, which is not essentially health care, should receive federal funds.

I was astounded about a week ago to hear on the national news that the British Columbia Minister of Health has said that, except for the Catholic hospitals, all other hospitals in British Columbia must provide access to abortions. No judgment nor law in Canada says that abortion is health care. Does the government condone the announcement of the B.C. Minister of Health that some hospitals do not have to provide abortions, but that all the others must provide abortions, even though abortion is a matter of federal jurisdiction? I want to know today whether the federal government approves of federal funds being spent by the provinces to provide abortions, which are not health care.

Mr. Mazankowski: As Mr. Robinson pointed out, the issue of accountability is fairly loose in terms of the transfer, whether it be equalization, Canada Assistance Plan or EPF, and the details and standards that are provided are certainly not outlined explicitly within the guidelines. That is essentially a matter for the provincial administration. We provide the funding on the basis of the formula.

The Chairman: I have just two short questions. I understand there is one from Senator Marsden and one from Senator Frith.

Senator Marsden: I come back again, minister, to the question of the two-year renewal as opposed to a five-year renewal. I have understood and appreciated the reasons you have given. It was you who proposed this to the finance ministers, I understand, at the meeting on January 30. You proposed that it be renewed for a two-year period. Can you amplify a bit more on the reasoning behind the choice of two years, as opposed to three years or one year?

Mr. Mazankowski: I suppose if we had thought we could finish with the other issues, we would probably have gone for one year. I am told that this process had taken some 20 months or so, and there were some 12 or 15 meetings. It is not the easiest thing in the world to get everyone together. It is not the easiest thing in the world to develop consensus. I guess it is fair to say that, with the issues that we have here, there was a reasonable degree of consensus developed, and so we went ahead with it.

However, there was further work that had to be done on the other issues. Having presided over the many meetings that we had, I think we simply wanted to allow ourselves sufficient time to try to ensure that we were in a position to make progress on the other outstanding issues, while at the same time dealing with the broader issue of the comprehensive fiscal reform review that we were going through. There is really nothing magic about it. It is just a matter of practicality and time pressures.

Senator Marsden: Thank you.

Senator Frith: Minister, these are not really questions. In fact, they might not even require comment. They might require a short comment, but they are not cross-examination or debate.

Firstly, you understand that this process we are currently involved in is a substitute for a study by committee so the bill can go through. I want to put on the record just where I got the wrong-headed idea there were reductions rather than enrichment. In the 1990 budget, I understood Mr. Wilson to say that expenditures in this area would be reduced. The reference is at page 78.

> For 1990-91 and 1991-92, the per capita EPF transfer will be held to the 1989-90 level. This means it will grow with the population increase of each province, or about 1 per cent nationally. Federal cash expenditures will be reduced by about $870 million in 1990-91 and $1,540 million in 1991-92.

I think your previous answer comments on that. I merely wanted to get that down as to why I raised the question of whether we were talking enrichment or reduction.

My other question concerns harmonization. I agree that harmonization obviously simplifies the collection. There is an assumption that if one simplifies the machinery, one must save money. I am curious to know whether there have been studies of the actual mechanics showing such savings. If not, it may be worthwhile in the context of the assumptions that one makes. If there are such studies, perhaps you could furnish them to us. It is not important to do so today.

Mr. Mazankowski: The only one that I am aware of, Senator Frith, and I am not sure how detailed it was, is a point that was made when we were considering the GST. There was a sense that if we could have harmonized the operation of that tax with provincial sales taxes, we would have reduced the administration costs by roughly 50 per cent. Whether that is clearly quantified or not, I am not sure. I will see what information we have on that.

Mr. Robinson: There is an example in a different form, and that is the system that we already have harmonized, the collection of personal income taxes. This provision in the bill would allow these kinds of things to be negotiated with the provinces on sales or other taxes.

With regard to personal income tax, some provinces have undertaken studies to look into the costs of leaving the joint collection and setting up their own separate collection, which is a sort of deharmonization. I believe those studies have shown the cost of separating the two and running two systems would be very substantial. It is kind of a reverse example, if you like.

Senator Frith: I understand those two answers would certainly encourage one to think that whatever difficulties there might be in arguments against harmonization, the assumption

seems *prima facie* to be a reasonable assumption, that it would save. I think both those answers were relevant.

My last point is really curiosity, too. I want to talk about the province that I represent, Ontario. You say that it will receive $7.7 billion this year. I think that is the figure. It does not really matter. I am not trying to hold you to the figure.

Mr. Mazankowski: I believe I said $10 billion.

Senator Frith: This is really, as I say, a question of curiosity. We know that Ontario is complaining. I suspect that you do not think they have good reason to complain. Why do they say they are complaining? What do they say is their reason for feeling that they are being shortchanged? That is the impression one got from reading about the exchange between you and Mr. Rae. I do not want to exacerbate that. You understand the difference between whether you agree with him and what he says.

● (1630)

Mr. Mazankowski: Senator, I empathize with the difficulties in that province. It is having fiscal pressures, just as we have. I never argued that point at all. I simply tried to make the point that Ontario was not being shortchanged or hard done by vis-à-vis the way in which we were treating other provinces.

I can clearly state in a categorical way that since 1984-85 the rate of growth of transfers to the Province of Ontario has risen at an annual rate of 6.2 per cent. In aggregate terms, that is an increase of over $3 billion, from $6.1 billion in 1984-85 to $9.924 billion—and I rounded that off as $10 billion—in 1992-93.

Only two other provinces, the Province of Manitoba, which grew at the rate of 6.6 per cent, and Saskatchewan, which has grown at the rate of 8.2 per cent, because of the tumultuous decline in farm revenues, have had a faster rate of growth of program transfers from the federal government.

I certainly sympathize with the difficulty that the Treasurer of Ontario is going through, because we are going through the same thing.

Canadian taxpayers believe that they have been taxed to death. They want governments to be leaner. They want the administration of government to be more effective and more efficient. They do not want increases in taxes. They want the deficit to come down and the debt to be dealt with. That is our challenge.

Mr. McKenna, in his response to Premier Rae on *Canada A.M.* the day after the little dust-up, said, "Welcome to the club, Premier Rae. We have been going through this for quite some time."

Senator Frith: You say he was treated fairly on the principle and in comparison to all provinces. Is the complaint that he ought to be treated better because of the extent of the contribution? Or, is it just a matter of pressure?

Mr. Mazankowski: Senator Frith, it is because the Province of Ontario has been hit harder in relevant terms than the other provinces in this particular recession. There has been a decline in the number of manufacturing jobs. It has been hit hard. As a result, revenues have declined.

We have had a serious decline in our revenues. For example, in this fiscal year our revenue decline is in excess of $5 billion from that which we expected. Next year it will be $7 billion. We would have been much happier not to trim. When program expenditures in transfers to provinces are growing at the rate of 6 per cent to 8 per cent—and we are trying to confine our own program expenditures to 3 per cent—and when we are dealing with a big figure like $40 billion, we really have to shave other programs to meet that 3 per cent target while maintaining a 6 per cent or 7 per cent annual increase in these large expenditures.

We would have preferred not to have had to do this. But it is part of the challenge of trying to deal with the double problem of our deficit and getting a handle on our debt, while trying at the same time to treat all provinces and individual Canadians in a fair and equitable fashion. It is not an easy balancing act, believe me.

Senator Frith: Thank you, Minister. You have been very forthcoming. We appreciate that.

Someone said, and I hope you will take this in the humorous way in which it was intended, that may still be a lemon but you have put white-walls on it.

Senator Molgat: Mr. Chairman, could I ask a very quick question? You referred to cost benefit studies by certain provinces on the harmonization of income tax. Were these the western provinces we have been talking about?

Mr. Robinson: There have been some in Ontario, but certainly it is the case for British Columbia.

Senator Molgat: Are those studies available?

Mr. Robinson: From the provinces, yes, I believe so.

Senator Molgat: You do not have them?

Mr. Robinson: I do not think so. The British Columbia ones were publicized. There has been speculation in the press about Alberta studies, but I have not yet seen any from there. The B.C. ones were done some years ago, and then I think repeated at least once in recent years.

Senator Murray: Mr. Chairman, not only does the minister have other commitments this afternoon, but we interrupted debate on another bill in order to go into Committee of the Whole on this one. We are hopeful of returning to that bill and moving, if we can, toward Royal Assent later this afternoon.

The minister has been with us for an hour and a quarter. I want to thank him on you behalf for a very thorough, stimulating and interesting discussion.

Perhaps as the minister and his officials withdraw, Mr. Chairman, you would want to conduct the committee through a clause-by-clause examination of this bill.

The Chairman: Thank you, Mr. Minister. You and your officials may be excused.

Honourable senators, shall consideration of the title be postponed?

Hon. Senators: Agreed.

The Chairman: Shall clause 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 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 the title carry?

Hon. Senators: Carried.

The Chairman: Shall I report the bill without amendment?

Some Hon. Senators: Agreed.

Some Hon. Senators: On division.

The Hon. the Speaker *pro tempore:* Honourable senators, the sitting is resumed.

REPORT OF COMMITTEE OF THE WHOLE

Hon. Nathan Nurgitz: Honourable senators, the Committee of the Whole, to which was referred Bill C-60, to amend the Federal-Provincial Fiscal Arrangements and Federal Post-secondary Education and Health Contribution Act, has examined the said bill and has directed me to report the same to the Senate, without amendment.

THIRD READING

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

Some Hon. Senators: Now.

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

Some Hon. Senators: Agreed.

Some Hon. Senators: On division.

Motion agreed to and bill read the third time and passed, on division.

YOUNG OFFENDERS ACT

BILL TO AMEND—THIRD READING—DEBATE CONCLUDED

On the Order:

> Resuming from earlier this day the debate on the motion of the Honourable Senator Di Nino, seconded by the Honourable Senator Doyle, for the third reading of Bill C-12, an Act to amend the Young Offenders Act and the Criminal Code.

Hon. Mabel M. DeWare: Honourable senators, it gives me great pleasure to stand today to make a few points relating to Bill C-12.

Today, our judges have two choices with respect to sentencing young offenders convicted of murder: three years or life. This bill gives judges other options in sentencing. In the youth court they have the option of sentencing to five years less a day; in the adult court there is the option of parole within five or ten years.

The sentence of five years less a day in youth court provides for three years of detention and two years of rehabilitation, which we believe would prepare a young person for a role in the community and for moving back into society. I agree with Senator Hastings that rehabilitation is a must and is the answer to a young person's becoming a part of society once again. However, I do not agree that we do not have any facilities in place, although I realize there has to be considerable work done in this area.

● (1640)

The minister has started Phase II to amend the Young Offenders Act. It is in progress now and will deal in part with facilities and programs. The minister states that this amendment will be introduced within the next year.

Today, because of the extent or seriousness of the crime, our judges have no choice but to transfer a youth to adult court where sentence is imprisonment for life without parole for 25 years. Several cases are pending today where the court must decide whether to transfer at this moment or to sentence a youth. If we pass this Bill C-12, we will give those judges an option.

Bill C-12 is not perfect, honourable senators, but I ask my colleagues to recognize the urgency and importance of this bill, and I urge you to pass it today.

Hon. Joan Neiman: Honourable senators, I do not think I can add too much to the very eloquent words spoken by Senator Hastings earlier. His words reflect very closely my own feelings with respect not only to this bill but to the government directions with respect to corrections in the juvenile offender field, generally.

I have to admit that the public has a right to be concerned—and I am glad they are concerned—about the rise in juvenile

crime over the last 10 years. It is up 144 per cent, according to the latest Juristat. That covers the same period, incidently, that the Juvenile Offenders Act has been in effect. Several of my colleagues in this chamber sat on the committee studying the bill which was to replace the much-discredited Juvenile Delinquents Act, and which was to bring in a new era and a new attitude in dealing with young offenders so that they could soon be returned to society as fully contributing citizens.

The steady increase in the number of juvenile offences and re-offences since then has confirmed that that simply has not happened. The standard government response—and I must say this of previous governments as well—has been to make amendments to the act. "To make it work better", "to make it more effective" are the phrases often used. They usually deal with technical and procedural matters which will facilitate the work of law enforcement officials or the courts.

Now we have Bill C-12. The chief rationale for this bill, according to the Minister of Justice and her officials, is to deal with an anomaly in the act to which Senator DeWare just referred which governs sentencing of juveniles convicted of murder. In youth court, if convicted, a youth—he or she—can presently receive a maximum sentence of three years. If transferred to an ordinary or adult court and then convicted, the youth must receive, for first degree murder, a sentence of life with no possibility of parole for 25 years. Judges having to make that decision have rightly said that there is far too great a disparity between those two absolute choices. Most witnesses agreed that Bill C-12 is an improvement in that it will offer a range of possible sentences somewhere in between the two extremes.

The other positive comment I can make about the bill is that the increase of the sentence in youth court to five years, with the last two being served under conditional supervision, allows more time for working with really difficult juveniles and, hopefully, rehabilitating them. The question is, what assurances do we have that the rehabilitation programs now in place are effective? The statistical evidence is meagre but would tend, obviously, to prove the contrary.

A possible great negative to the changes in those provisions is that they will very likely increase the number of transfers to adult courts, since murder charges constitute only a minute proportion of the total number of cases for which a transfer may be ordered.

I should remind honourable senators that our enlightened laws continue to permit the transfer of juveniles of 14 years and older to ordinary courts and possibly into adult prisons for all indictable offences, with the exception of a few less serious offences which are reserved to the exclusive jurisdiction of provincial court judges.

The great tragedy of our present approach to corrections is that we cannot seem to divest our minds of a fixation that the protection of society is paramount and that the best way to protect ourselves is to punish those who offend us and, if possible, incarcerate them. If that does not work, punish them more severely and imprison them for longer periods. We pay lip service to rehabilitation when we talk of treatment. We forget that children are a vital part of society, and that we have a special duty to protect and help them because of their age and vulnerability.

[Senator Neiman.]

We need to remind ourselves again and again that the vast majority of those who enter the juvenile court system have been victims themselves: victims of neglect, of psychological, physical and sexual abuse, of social and emotional deprivation. Should our government not concentrate more on the protection of children rather than looking for new reasons to put them away without providing the help they really need? We should invest more of our money in our children in order to ensure the future wellbeing of all our citizens, instead of putting that money into more custodial institutions and more beds in those institutions.

The minister advised us that her department is working on what she terms Phase II of changes to the Young Offenders Act which will contain, presumably, much improved rehabilitation features. I gather we will not see the final proposals for some time. However, I have asked the chairman of the Standing Senate Committee on Legal and Constitutional Affairs to make a special and urgent request to the Minister of Justice to refer the draft proposals to the Senate so that our committee can make a study of them, just as it did some years ago with a draft Evidence Act.

In the meantime, I should like the minister to know, if she is not already aware of it, that there are many experienced workers in the youth offender system who have rehabilitation programs tested and available which, they assure me, could help to reduce the recidivism rate by up to 50 per cent. We should not wait for the formulation of additional programs when we have the means available to make a difference today. As more than one of our witnesses told us, and as Senator Hastings emphasized again today, the ultimate protection of society is the rehabilitation of our offending youth.

Some Hon. Senators: Hear, hear!

The Hon. the Speaker *pro tempore:* Honourable senators, I wish to inform you that if the honourable Senator Di Nino speaks now, his speech will have the effect of closing the debate.

Hon. Consiglio Di Nino: Honourable senators, I have sympathy with some of Senator Hastings' and Senator Neimans' opinions but we must also recognize that all youth cannot and should not be treated the same. In my opinion, Bill C-12 is less punitive. In a clearer, more flexible way, Bill C-12 can balance the need to protect society from the few youths who, in the opinion of the courts, require different responses, with the need to restore offending youths as useful and productive members of society.

I urge my honourable colleagues to support this legislation.

Motion agreed to and bill read third time and passed, on division.

● (1650)

BORROWING AUTHORITY BILL, 1992-93

THIRD READING—DEBATE CONCLUDED

On the Order:

Resuming the debate on the motion of the Honourable Senator Doody, seconded by the Honourable Senator Doyle, for the third reading of Bill C-61, An Act to provide borrowing authority for the fiscal year commencing April 1, 1992.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, I had adjourned the debate on this matter in the event that some of my colleagues might wish to speak on it. However, we have no one on our side who wishes to proceed.

The Hon. the Speaker *pro tempore:* Honourable senators, it has been moved by the Honourable Senator Doody, seconded by the Honourable Senator Doyle, that the bill be read the third time. Is it your pleasure to adopt the motion?

Hon. Senators: Agreed.

Motion agreed to and bill read third time and passed.

ROYAL ASSENT

NOTICE

The Hon. the Speaker *pro tempore* informed the Senate that the following communication had been received:

RIDEAU HALL
OTTAWA
K1A 0A1

Mr. Speaker,

I have the honour to inform you that the Honourable William Stevenson, Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, will proceed to the Senate Chamber today, the 9th day of April, 1992, at 5:15 p.m., for the purpose of giving Royal Assent to certain Bills.

Yours sincerely,

ANTHONY P. SMYTH
Deputy Secretary
Policy, Program and Protocol

The Honourable
The Speaker of the Senate
Ottawa

DEBT SERVICING AND REDUCTION ACCOUNT BILL

SECOND READING—DEBATE CONTINUED

On the Order:

Resuming the debate on the motion of the Honourable Senator Simard, seconded by the Honourable Senator Di Nino, for the second reading of Bill C-21, An Act relating to the accounting of certain payments for the servicing and reduction of the debt of Canada.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, I wish to adjourn the debate. We have speakers who wish to speak on this matter.

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

Hon. Senators: Agreed.

On motion of Senator Molgat, debate adjourned.

[*Translation*]

SOCIAL AFFAIRS, SCIENCE AND TECHNOLOGY

FOURTH REPORT OF COMMITTEE ADOPTED

The Senate proceeded to consideration of the fourth report of the Standing Senate Committee on Social Affairs, Science and Technology, tabled in the Senate on April 8, 1992.

Hon. Paul David: Honourable senators, I move the adoption of this report.

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

Hon. Senators: Agreed.

On motion of Senator David, report adopted.

[*English*]

ADJOURNMENT

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

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, with leave of the Senate, and notwithstanding rule 59(1)(*h*), I move:

That when the Senate adjourns today, it do stand adjourned until Tuesday, May 5, 1992, at two o'clock in the afternoon.

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

Hon. Senators: Agreed.

Motion agreed to.

FOREIGN AFFAIRS

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF SENATE

Hon. John B. Stewart pursuant to notice of April 7, 1992 moved:

That the Standing Senate Committee on Foreign Affairs have power to sit at four thirty o'clock in the afternoon, on Tuesday, 28th April, 5th and 12th May,

1992, even though the Senate may then be sitting, and that Rule 96(4) be suspended in relation thereto.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, in the absence of Senator Stewart, I wish to move the motion standing in his name.

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

Hon. Senators: Agreed.

Motion agreed to.

[*Translation*]

SOCIAL AFFAIRS, SCIENCE AND TECHNOLOGY

COMMITTEE AUTHORIZED TO ENGAGE SERVICES

Hon. Paul David, pursuant to notice of Wednesday, April 8, 1992, moved:

> That the Standing Senate Committee on Social Affairs, Science and Technology have the power to engage the services of such counsel and technical, clerical and other personnel as may be necessary for the purpose of its examination and consideration of such bills, subject matters of bills and estimates as are referred to it.

Honourable senators, I move the adoption of this motion.

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

Hon. Senators: Agreed.

Motion agreed to.

[*English*]

BUSINESS OF BUSINESS

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, I move that the Senate do now adjourn during pleasure to await the arrival of the Honourable the Deputy of the Governor General.

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

Hon. Senators: Agreed.

Motion agreed to.

The Senate adjourned during pleasure.

ROYAL ASSENT

The Honourable William Stevenson, Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy 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 Deputy Speaker, the Honourable Deputy Governor General was pleased to give Royal Assent to the following bills:

> An Act to amend the Federal-Provincial Fiscal Arrangements and Federal Post-Secondary Education and Health Contributions Act (*Bill C-60, Chapter 10, 1992*)
>
> An Act to amend the Young Offenders Act and the Criminal Code (*Bill C-12, Chapter 11, 1992*)
>
> An Act to provide borrowing authority for the fiscal year commencing on April 1, 1992 (*Bill C-61, Chapter 12, 1992*).

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 Tuesday, May 5, 1992, at 2 p.m.

THE SENATE

Tuesday, May 5, 1992

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

Prayers.

SENATORS' STATEMENTS

GENERAL ELECTION

NUMBER OF DAYS LEFT IN CURRENT TERM

Hon. Royce Frith (Leader of the Opposition): Honourable senators will be pleased—perhaps some will be less pleased—to hear that the election clock is still ticking. If the government of which Senator Murray is a member respects democracy, Canadians will cast their ballots within 200 days of today. However, if, in the words of Senator Murray, the present government is cowardly and contemptuous of democracy, the day of reckoning remains 586 days away.

Hon. Michel Cogger: And your count is 2,382 days.

Senator Frith: And yours, sir? Can you speak with the same certainty?

[*Translation*]

BANKING, TRADE AND COMMERCE

TWELFTH REPORT OF COMMITTEE PRESENTED

Hon. Jean-Marie Poitras: Honourable senators, I have the honour to present the twelfth report of the Standing Committee on Banking, Trade and Commerce on the proposed regulations for the new legislation to reform Canadian financial management.

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

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

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

SEVENTEENTH REPORT OF COMMITTEE PRESENTED

Hon. Thérèse Lavoie-Roux, Chairman of the Committee on Internal Economy, Budgets and Administration, had the honour to present the following report:

The Standing Committee on Internal Economy, Budgets and Administration has the honour to present its

SEVENTEENTH REPORT

Your Committee has examined and approved the supplementary budget presented to it by the Chairman of the Standing Senate Committee on Social Affairs, Science and Technology, for the proposed expenditures of the said Committee to engage the services of such counsel and technical, clerical, and other personnel as may be necessary for the purpose of its examination and consideration of such bills, subject-matter of bills, and estimates as are referred to it. The said supplementary budget is as follows:

Professional and Other Services	$6,250.00
Transportation and Communications	$300.00
Other Expenditures	$750.00
TOTAL	$7,300.00

Respectfully submitted,

THÉRÈSE LAVOIE-ROUX
Chairman

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

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

[*English*]

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

EIGHTEENTH REPORT OF COMMITTEE PRESENTED

Hon. Thérèse Lavoie-Roux, Chairman of the Standing Committee on Internal Economy, Budgets and Administration, had the honour to present the following report:

Tuesday, May 5, 1992

The Standing Committee on Internal Economy, Budgets and Administration has the honour to present its

EIGHTEENTH REPORT

Your Committee recommends that first class travel by Senators and staff be eliminated and that exceptions to this policy be subject to approval by the Sub-Committee on Agenda and Procedure of Internal Economy.

Respectfully submitted,

THÉRÈSE LAVOIE-ROUX
Chairman

The Hon. the Speaker: When shall this report be taken into consideration?

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

[*Translation*]

SPENDING CONTROL BILL

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-56, An Act respecting the control of government expenditures.

Bill read first time.

On motion of Senator Lynch-Staunton, bill placed on the Orders of the Day for second reading on next Thursday, May 7, 1992.

[*English*]

COASTING TRADE BILL

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-33, respecting the use of foreign ships and non-duty paid ships in the coasting trade.

Bill read first time.

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

On motion of Senator Lynch-Staunton, bill placed on the Orders of the Day for second reading on Thursday next, May 7, 1992.

[*Translation*]

COMPETITION 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-68, An Act to amend the Competition Act (multi-level marketing plans and pyramid selling).

Bill read first time.

On motion of Senator Lynch-Staunton, bill placed on the Orders of the Day for second reading on Thursday next, May 7, 1992.

[*English*]

ELECTORAL BOUNDARIES READJUSTMENT SUSPENSION BILL

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-67, to suspend the operation of the Electoral Boundaries Readjustment Act.

Bill read first time.

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

[Senator Speaker.]

On motion of Senator Lynch-Staunton, bill placed on the Orders of the Day for second reading Thursday next, May 7, 1992.

[*Translation*]

FARM PRODUCTS MARKETING AGENCIES 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-54, An Act to amend the Farm Products Marketing Agencies Act and other Acts in consequence thereof.

Bill read first time.

On motion of Senator Lynch-Staunton, bill place on the Orders of the Day for second reading on Thursday next, May 7, 1992.

● (1410)

[*English*]

VETERANS AFFAIRS

BOOK OF REMEMBERANCE—NOTICE OF MOTION

Hon. Jack Marshall: Honourable senators, I give notice that on Thursday next, May 7, 1992, I will move:

> That the Senate urge the Government of Canada to prepare and place in the Memorial Chapel of the Peace Tower a book of remembrance honouring the Merchant Seamen who lost their lives in Canadian armed conflicts in World War I, World War II and the Korean conflict; and
>
> That a message be sent to the House of Commons requesting that House to unite with the Senate in the aforementioned action.

GOODS AND SERVICES TAX

PRESENTATION OF PETITIONS

Hon. Royce Frith (Leader of the Opposition): Honourable senators, I was going to say that the government will be happy, but that is not true—at least, I do not think so. The government will probably be unhappy to learn that the parliamentary break itself has not abated opposition to its iniquitous GST.

I have petitions in the usual form opposing the tax, asking that it be withdrawn and asking for an election to correct—

Hon. Jean-Maurice Simard: You realize that you have come down in the polls. Do you still want an election?

Hon. H.A. Olson: We will take an election anyway.

Senator Simard: I suppose you would want an election in November.

Senator Frith: No.

An Hon. Senator: Keep it up!

Senator Frith: I can only hope that Senator Simard speaks for the government. Is he suggesting that the government needs to have an election because of that change? If so, hear, hear, sir.

Senator Simard: Oh, boy!

Senator Frith: The list of cities on the petition from Quebec—

Senator Simard: That is poor planning on your part.

Senator Frith: We notice the attention that Senator Simard is paying to these, perhaps for the purpose of advising his colleagues to call an election. These petitions come from Quebec: Asbestos, Brossard, Chicoutimi, Dollard-Des-Ormeaux, Granby, Hull, Joliette, Jonquière, Kirkland, Lemoyne, Longueuil, Montréal, Pierrefonds, Rosemont, Rougemont, St. Amable, St. Bruno, St. Georges, Ste Hélène, St. Hubert—

Senator Simard: You had a capital meeting there recently.

Senator Frith: I don't know—perhaps of these people, but it certainly had nothing to do with me.

Senator Simard: That is certainly about the size of your meetings.

Senator Frith: What was that, Senator Teed?

Senator Teed: He is well rested.

Senator Frith: Senator Simard continues to, as Senator Forsey used to say, dream in technicolour—

Senator Simard: You are dreaming.

Senator Frith: —that the opposition these Canadian citizens have to the GST does not exist. He likes to think it does not exist, but check with them.

Senator Simard: Yes, but we are doing something about it by improving the situation.

Senator Frith: The petitions are here. The petitions are tabled. He can check.

Senator Simard: All you can do is talk about it.

Senator Frith: The addresses are there.

Senator Simard: You are just talking about it. We are checking with them.

Senator Frith: Perhaps he is checking with them; I hope he is. The names are here; they are all signed. If he wants to verify that fact then we encourage him to do so.

As I was saying, there are St. Isidore—someone else he can check with there—St. Jean Port Joli; St. Marc des Carrières; Sherbrooke; Val d'Or, and Villeroy.

The Leader of the Government in the Senate is chuckling over the fact that there are so many cities it sounds like the TransCanada Highway. I am sure we need not ask whether the Leader of the Government in the Senate, when dealing with and responding to the opposition to the GST, is chuckling on behalf of the government. I think we can assume that he is, and that this chuckle is the expected chuckle from the government, as far as the opposition of these people to that tax is concerned. He thinks the GST is a joke. A very bad joke, I may say.

Senator Murray: Where does Mr. Chrétien stand on that matter?

Senator Frith: I want to make sure that it continues to be on the record that the government, through the government leader and Senator Simard, is laughing at this point, laughing away at any citizens of Canada who sent these petitions in. Let the Senate record show that the response of the government to your petition is laughter and derision and smirks and shrugs. Senator Murray is smiling at the moment. Senator Simard is about to say something to ridicule these Canadians, laughing as he is now.

Senator Simard: That is not going to work.

Senator Frith: It is not going to work, he says. Senator Simard is reading a paper and laughing.

To those of you from Asbestos and Brossard and all those other places in Quebec, let it be known that Senator Simard thinks you are a joke. So does the Leader of the Government in the Senate. The same applies to those of you from New Brunswick from Anse Bleu, Bas-Caraquet, Burnsville, Caraquet, Dugas Office, Grande Anse, Maisonette, Moncton—

Senator Simard: Grand Anse, Maisonnette, Caraquet, Anse Bleu—I was there a week ago for two days and nobody mentioned the GST. It is the Liberal senators who are making a show of the GST. They are making fools of themselves, that is what the people will remember.

Senator Frith: I do not need to put that on the record; Senator Simard has done us the favour of putting it down himself. Of course, nobody raised the GST with the joker, with the laugher, Senator Simard. Maybe now he might understand why.

Senator Simard: They are quite happy to do their fair share.

Senator Frith: The petitioners are also from Grande Anse, Maisonnette, Moncton, Pokesudie Island, Pugeon Hill, St. Léolin, St. Marie-sur-mer, St. Simon and Ville Blanchard. If Senator Simard is getting ready for the Senate elections, he might pay attention to what these people are saying. He says that no-one raised it with him. The implication to all of you who signed these petitions, I suppose, is that Senator Simard not only laughs at you, but accuses you of some insincerity, perhaps even fraud, but you can ask him about that.

I say to those of you from Ontario that the Government Leader in the Senate, Senator Simard and others who are laughing, think that it is a joke that you from Kapuskasing, North Augusta, Ottawa and Vanier should deign to complain to the government about the GST. That is how they treat your petition.

I say to those from Alberta, those from Edmonton, Falher, Girouxville and Valleyview that the government thinks you, too, are all a joke.

In summary, there are 31 petitions from the province of Quebec. Let the record show that the government is still chortling and laughing at these petitions. Remember that, all of you who took the trouble to petition your Parliament. This is what the government thinks of your petitions. On the 31 petitions from Quebec with 624 names, the government laughs at each of you. The government laughs at those from New Brunswick with 159 names. From Ontario there are 34 petitions, and from Alberta there is one with 23 signatures. That is a total of 74 petitions with 808 names all against the GST, all sneered and laughed at by the government, but fortunately Parliament still exists in spite of the government and so these petitions will be tabled.

● (1420)

[*Translation*]

Hon. Jacques Hébert: Honourable senators, I have the honour to present petitions signed by 518 citizens of British Columbia who are opposed to the goods and services tax. What will rejoice the senator that we know on the other side and who was laughing so hard earlier is that all these 518 citizens are from the same community, Kamloops, which will reduce accordingly the time spent reading this petition.

[*English*]

These 518 citizens of British Columbia are opposed to the GST for all kinds of reasons. They mention a few of them in their petition, some of which I think I should read to honourable senators.

First, they simply oppose the new tax. Second, they are opposed to the manner in which it was introduced—and I understand that—with little regard for thousands of briefs submitted by Canadians. Third, they are opposed to further taxes while the government continues to spend, spend, spend. Fourth, they are opposed to the open-ended ability to increase the percentage of tax charged or the massive amount of administration money necessary to operate the system.

QUESTION PERIOD

JUSTICE

LAW OFFICERS—ALLEGED USE OF EXCESSIVE FORCE—GOVERNMENT POSITION

Hon. Stanley Haidasz: Honourable senators, I do not need to bring to the attention of the Leader of the Government in the Senate the riots that took place in Toronto yesterday afternoon, evening and into this morning.

We have read that officials of the Department of Justice are thinking of bringing in amendments to the Criminal Code with regard to the use of excessive force by law enforcement

[Senator Frith.]

officers. I think it is understood that the allowance in section 25(3) of the Criminal Code for the use of painful and even harmful force is based on necessity alone. The onus of proof is on the peace officer who inflicts harm to establish that his action was truly necessary for the purpose of arrest.

An incident also occurred in the constituency which I represented in the other place, Toronto—Parkdale, where an alleged drug dealer was shot twice in the chest.

Will the Department of Justice make public its rationale for revising current statutory provisions in the Criminal Code? More especially, will the department address the more essential problem of effective prosecution, including cooperation by Justices of the Peace and Crown Attorneys, against the excessive use of force and against cruel and unusual punishment?

Failing this, fiddling around with the Criminal Code will never suffice to protect society from civil strife and its violent results.

Hon. Lowell Murray (Leader of the Government): Honourable senators, the short answer to the question asked by the honourable senator is that the Minister of Justice, Mrs. Campbell, will address those questions when she introduces her legislative proposal on this matter in the near future.

REQUEST FOR INQUIRY

Hon. Stanley Haidasz: Honourable senators, during the riot in Toronto yesterday we saw signs which read, "No Peace Without Justice". Because of all the sad events that have occurred, especially to visible minorities and their treatment by our justice system, is this government satisfied with simply changing the clause concerning excessive force in the Criminal Code, or will it do something more, such as conduct an inquiry into the reasons why the justice system is alleged to be unfair to visible minorities?

● (1430)

Hon. Lowell Murray (Leader of the Government): Honourable senators, while I appreciate the terms in which the honourable senator has put the question, I am sure he will understand my complete reluctance to be drawn into a discussion which might even give the appearance of commenting on the tragic incident which took place in Toronto. I do not have all the facts in this matter, nor does the Government of Canada. In any case, we should not at this juncture comment on that incident.

I may say the legislative initiative referred to by the Minister of Justice has been the subject of discussion for some considerable time among federal, provincial, and territorial Ministers of Justice. As long ago as last September at their meeting in Yellowknife, the ministers agreed in principle to amend the Criminal Code with respect to restricting the use of deadly force by peace officers. At that time, Ms. Campbell promised further consultations with the provinces and territories on the matter.

In referring to the question of possible independent enquiries, the ministers did discuss at that time the need to have appropriate procedures in place to conduct independent reviews in cases where deadly force had been employed. In December of 1989, Ontario petitioned the federal Minister of Justice, asking for modifications to Section 25 in the near future. More recently, the Ontario Solicitor General has been in touch with us on this matter. There was a federal-provincial-territorial meeting of senior justice officials in February of this year. There was a call, spearheaded by Ontario, for immediate legislative action to resolve the issue.

The initiative that Ms. Campbell refers to is not some spur-of-the-moment response to a particular incident, but rather the result of considerable discussion and consultation. Less than two months ago, Ms. Campbell wrote to the Black Action Defence Committee to indicate that subsection 25(4) of the Criminal Code was under review and that she hoped very shortly to be in a position to introduce a legislative proposal on the issue.

PROPOSED RACE RELATIONS INSTITUTE—GOVERNMENT POSITION

Hon. Stanley Haidasz: I have a further supplementary question. In view of the grave importance and urgency of this matter, I ask why the government has not acted on the proposal that it made two years ago with respect to establishing a race relations institute with a budget of $24 million. What is preventing the government from putting that proposal into action?

Hon. Lowell Murray (Leader of the Government): Honourable senators, I would have to ask for a status report on that matter from my colleague, the Minister of Multiculturalism and Citizenship.

NATIONAL CAPITAL COMMISSION

DEMOLITION OF DALY BUILDING—USE OF SITE FOR PARK—GOVERNMENT POLICY

Hon. Colin Kenny: Honourable senators, I have a question for the Leader of the Government regarding the site of the former Daly Building just off Confederation Square. The demolition of the building is complete. The National Capital Commission has recently announced that they intend to keep the site as rubble surrounded by a fence. They do not even intend to sod it. Their intention, as I understand it, is ultimately to build an office complex on that site. Their rationale for doing so is that they need the revenue.

All of us passed the Daly Building on a regular basis. We know now that it is gone. The site is a natural bridge between the Market, Parliament Hill, and Sparks Street. For the first time in my life I have had an opportunity to see the part of the Chateau Laurier that is now exposed because of the demolition. It is also an opportunity to see a side of the Department of Revenue building that is very attractive. It would be a pity if the NCC were to proceed in the manner that they are proposing.

I would go further and say I do not think Ottawa is in need of any further office space at this point. It certainly is not in need of any more retail space, as any of the merchants along Rideau Street will attest.

Will the government please direct the National Capital Commission to create a park on the site of the now-demolished Daly Building?

Hon. Lowell Murray (Leader of the Government): Honourable senators, the National Capital Commission does operate at some arm's length from the government. I am not sure it is open to us to direct them to establish a park on that site.

As far as I am aware, the government does not have a position on the matter. That leaves me free to say that I agree with everything the honourable senator has said.

I shall find out from Mr. MacKay, who reports to Parliament for the commission, whether there is anything official to report. I am not aware that a firm decision has been taken by the NCC on the matter.

[*Translation*]

NATIONAL DEFENCE

DEPARTMENTAL EXPENDITURES—REQUEST FOR BREAKDOWN BY PROVINCE

Hon. Pierre De Bané: Honourable senators, I would like to direct a question to the Leader of the Government in the Senate. The Minister of Defence announced that 17.4 per cent of the National Defence budget was spent in the province of Quebec.

Could the Leader of the Government in the Senate tell us what the department's expenditures have been in each of the other nine provinces?

Hon. Lowell Murray (Leader of the Government in the Senate): Honourable senators, I am sure these figures are available, and I will try and get them a few days from now and table them here in this Chamber.

DEPARTMENTAL EXPENDITURES—REQUEST FOR BREAKDOWN BY PROVINCE

Senator DeBané: Could the Leader of the Government in the Senate also obtain the figures for expenditures by other federal departments, by province? And finally, I would also like to ask the minister whether he really thinks this is the way the country should be run, and I am referring to this prorating on a per capita basis. Is that the main consideration that should guide the administration of this country?

Senator Murray: Honourable senators, this is what used to be referred to as cheque book federalism. I do not agree that this is the way the government is running the country. It would be harder to obtain figures for every single government department and agency, but I will make inquiries to find out what information is available.

[*English*]

GENERAL AGREEMENT ON TARIFFS AND TRADE

STATUS OF NEGOTIATIONS ON ARTICLE XI AND EXPORT SUBSIDY PROGRAMS

Hon. H.A. Olson: Honourable senators, I wonder whether the Leader of the Government can give us an update on the present status of the GATT negotiations that are taking place in Geneva, particularly in light of some news reports, or at least news speculation, that the negotiations are more or less suspended until after November because of the election that will be taking place in the United States. That really means there will be no further serious discussion or negotiation taking place until 1993.

A very large number of people in Canada are interested in what may happen to Article XI of the GATT agreement, as well as the terms and conditions put on that article by the export subsidy programs that are being carried out by both Europe and the United States at the present time.

● (1440)

Hon. Lowell Murray (Leader of the Government): Honourable senators, I do not have a report from the scene, as it were. All I can tell the honourable senator is that during the last week of April the Prime Minister met with Jacques DeLors, the president of the European Economic Community's commission. Mr. DeLors told the Prime Minister that he had made new proposals to President Bush with a view to breaking the impasse in the agriculture negotiations. While there have been reports that these would not lead to the required breakthrough, our understanding is that the United States continues to study the DeLors proposals.

The Prime Minister took the occasion of his meeting with Mr. DeLors to emphasize Canada's wish to see a result that allows us to continue our system of supply management in agriculture, and the Prime Minister reports that Mr. DeLors is sympathetic to our concerns.

Senator Olson: Honourable senators, projected deadlines were put in place some time ago, I believe; but they have been postponed at least once and perhaps more than once. The deadlines I am talking about are those that have been recited by Mr. Dunkel from time to time.

Has that been changed? Has there been an agreement by the countries which are part of the negotiations to have those deadlines further postponed, or is it simply a matter that one of the participants, namely the United States, simply is not going to come back with its position until after those deadlines have passed anyway?

Senator Murray: That is not the position as we understand it, honourable senators. My information is that both the Europeans and the Americans still hope to have the main elements of a deal worked out by early summer.

[Senator Murray.]

MULTICULTURALISM AND CITIZENSHIP

REQUEST FOR ESTABLISHMENT OF ROYAL COMMISSION OF INQUIRY INTO RACIAL DISCRIMINATION

Hon. Jerahmiel S. Grafstein: Honourable senators, today in the Toronto *Sun* the Prime Minister was accused of not being able to resist making, in a speech in British Columbia, an analogy between the violence in Toronto and that in Los Angeles. Obviously, this issue is of concern to us in Toronto in terms of the recent and unhappy events in the last day or so.

In light of the situation, would the government consider establishing a Royal Commission immediately to examine the root causes of racial discrimination in the country and suggest ways of eradicating them?

Hon. Lowell Murray (Leader of the Government): Honourable senators, the Minister of Justice has indicated that she intends to take certain legislative initiatives in the area of the use of force by the police, for example. As I started to indicate a while ago, we have been making concerted efforts to fight racism in this country. Indeed, the Department of Multiculturalism and Citizenship has, as one of its priorities, the fight against racial discrimination and prejudice in this country. We will take the honourable senator's suggestion into consideration.

Senator Grafstein: I would like to make the point that the Prime Minister obviously states, if one is to take him at face value, that existing institutions, including those created or governed by him, are not satisfactory, since he suggests that there is still racism in the country that leads to violence or could lead to greater violence. Therefore, it seems to me that there is an admission on his part that the current government is not addressing these root problems.

I would ask the government to re-examine that in the light of the Prime Minister's comments, and perhaps make a fresh start by looking at the problem through independent eyes with a Royal Commission.

Senator Murray: Honourable senators, I do not accept the premise of the honourable senator's question, that the Prime Minister has admitted that Parliament and the government are not addressing the question. I have just tried to indicate some of the ways in which the government is trying to address the question, specifically through programs such as the Race Relations and Cultural Understanding Program and its Blueprint for National Action on Race Relations of the Department of Citizenship and Multiculturalism.

It does not necessarily follow that if we still have a problem in the country the solution to the problem lies in the appointment of a Royal Commission.

TRANSPORT

NATIONAL HIGHWAYS SYSTEM—STATUS OF PROPOSED HIGHWAYS PROGRAM

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, my question is directed to the government leader in the Senate. At the time of the recent economic meeting of first ministers a number of statements were made about the possibility of having a national highways program. Various figures were discussed at that time in a working paper for the Prime Minister, I believe.

He is quoted as having said:

> It is the intention of this government to conclude, at some early moment, some agreements with various provinces in this particular area to provide for better roads.
>
> These are the kind of things that we can do in short order that will have a very substantial impact on job creation both in those areas and across Canada.

That meeting, as I recall it, was in the early part of March. We are now into May and the construction season will be getting under way. Will the government be announcing its program in this regard? When can we expect to have details?

Hon. Lowell Murray (Leader of the Government): Honourable senators, the state of the country's transportation facilities was the subject matter of considerable discussion at the first ministers' meeting. There has been a study completed of what is called the National Highways System. I think my honourable friend is familiar with that. The first ministers have taken that into consideration.

As a matter of fact, the Minister of Finance, in his budget in February, indicated that the question of infrastructure, including such matters as highways, was a live one before the government and that the improvement of our transportation system is closely linked to the government's objectives in terms of our competitiveness, trade and prosperity.

But the short answer to the honourable senator's question is, yes, there will be announcements in the very near future on this matter.

DELAYED ANSWERS TO ORAL QUESTIONS

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, I wish to table a number of delayed answers to oral questions. There are answers to two questions raised on March 24 by Senator Marsden, one regarding departmental transfers of foreign service officers, the other on the impact of these transfers on gender. There are responses to a question asked on March 26 by Senator Frith on the Dryden Inquiry; one asked on April 1 by Senator Molgat on the purchase of U.S. locomotives by CN; one asked on April 8 by Senator Perrault on the government pamphlet "Where Your Tax Dollars Go"; and questions asked on April 9 by Senator Bosa, on sanctions against South Africa, by Senator Marsden, on trade relations with Cuba, by Senator Davey, on the government advertising campaign, by Senator Bonnell, on cuts to federal funding of juvenile justice services in P.E.I., and by Senator Perrault, regarding Radio Canada International.

EXTERNAL AFFAIRS

DEPARTMENTAL TRANSFERS OF FOREIGN SERVICE OFFICERS—GOVERNMENT POLICY

(*Response to question raised by Hon. Lorna Marsden on March 24, 1992*)

> The Department of External Affairs and International Trade Canada (EAITC) remains committed to the principle of consultations with all unions. Management at EAITC considered the practical options in this case and was confronted with a dilemma given the requirement of budget secrecy and the fact that, until late in the budget process, it was not clear which of a number of potential departmental items would be in the actual budget speech.
>
> One option would have been to consult associations and unions at the last minute and even then only on matters not in the budget. That option would have put management in the position of having to prevaricate to preserve budget secrecy if asked "is that all there is?"
>
> The other approach was to consider all the transfer decisions in the sphere of the budget and to treat them the same way as management had to treat the one item—cultural and academic relations—which was specifically mentioned in the budget speech.
>
> Management at EAITC decided that all of the transfer decisions were, in reality, a single package and that it made the most sense to treat them that way in the period leading up to the announcement.
>
> It should be noted that within minutes of the Finance Minister announcing the EAITC budget transfer item in the House of Commons, the distribution of comprehensive information kits for each departmental employee started, including for those at our missions around the world. Senior management at the Department also met the next morning with involved employees to explain the transfer decisions and to answer questions. Since that time, management has been meeting with associations and unions concerned to discuss the implementation process for these transfer decisions and to address issues of concern.

EXTERNAL AFFAIRS

EMPLOYMENT EQUITY—GENDER IMPACT OF DEPARTMENTAL TRANSFERS

(*Response to question raised by Hon. Lorna Marsden on March 24, 1992*)

> The Government's rationale for transferring the immigration program from the Department of External Affairs and International Trade Canada (EAITC) to the Department of Employment and Immigration Canada (EIC) was to make both departments more effective by linking up

policy formulation and program delivery. We recognize that there is a higher percentage of women in the immigration stream than in the other foreign service streams and that these women will be transferred to EIC management.

The Department of EAITC is losing good employees as a result of the transfer. That said, the regrettable loss to EAITC of the women involved does not mean that they are being lost to either the public service or the foreign service. All immigration officers will continue to represent Canadian interests abroad working out of our missions, as is currently the case.

The Department of EAITC remains committed to increasing the number of women in its ranks and to this end a priority in our annual Foreign Service recruitment program remains the hiring of women and visible minorities.

TRANSPORT

DRYDEN INQUIRY—RELEASE OF REPORT—GOVERNMENT RESPONSE

(Response to question raised by Hon. Royce Frith on March 26, 1992)

Transportation safety is the top priority at Transport Canada. Each year the department devotes considerable time, energy and resources to maintain and improve the safety of Canada's national transportation system, which is already one of the safest in the world.

Since 1985, when the government introduced its policy of Economic Regulatory Reform, the government has taken appropriate action to ensure the integrity and safety of Canada's aviation system. Amendments to the Aeronautics Act in 1985 introduced the most progressive aviation safety legislation in Canada in more than 60 years.

The Aeronautics Act was further enhanced as recently as March of this year when Bill C-5, An Act to amend the Aeronautics Act and to amend an Act to amend the Aeronautics Act, was given Royal Assent.

Improvements to the Canadian Air Navigation System have also been made. These include the $800 million Radar Modernization Project, to be completed next year, which will improve the entire air traffic control radar-surveillance system. The $658 million Canadian Automated Air Traffic System, to be completed by 1996, will provide pilots and controllers with improved air traffic capabilities.

This government, in the interest of furthering aviation safety in Canada, established the Dryden Commission of Inquiry headed by Justice Virgil Moshansky to inquire and report on the contributing factors and causes of the crash of an Air Ontario jet at Dryden in March 1989. Since the release of his final report on March 26, 1992, Justice Moshansky has acknowledged that the Department of Transport has anticipated and accomplished much in addressing the concerns identified in the report.

[Senator Lynch-Staunton.]

In response to the recommendations received from Justice Moshansky, the department has made far-reaching changes within the aviation industry on the critical issue of de-icing. In addition to the gate-hold procedures already introduced and a new secondary de-icing facility, state-of-the-art de-icing facilities will be permanently installed at Pearson International Airport and new training and educational programs on de-icing have been sent to industry representatives. New safety audit procedures have been introduced so that inspector resources are being used in a more focused way. For example, after a merger, air carriers are audited within six months after start-up and a Transport Canada inspector is assigned to that operation.

Justice Moshansky's final report contained 191 recommendations; 49 per cent of these have been either completed or are underway. All of the recommendations will receive due attention.

As outlined earlier, during the period of economic regulatory reform beginning in 1985/86 significant action was taken by the department to maintain the level of safety. The department increased inspection resources by an annual average of four percent.

The Minister of Transport has assured that resources will continue to be increased, as required and where considerations of safety dictate. All required action will be taken to enhance the Government of Canada's ability to ensure the safety of Canadian travellers.

INTERNATIONAL TRADE

CNR—PURCHASE OF U.S. LOCOMOTIVES—EFFECT OF UNITED STATES "BUY AMERICAN" POLICY

(Response to question raised by Hon. Gildas L. Molgat on April 1, 1992)

Unless otherwise required by international trade obligations, U.S. federal government departments and agencies are required by law to favour U.S. suppliers in procuring goods and services. This requirement dates back to the original Buy American Act of 1933.

Chapter 13 of the Canada-U.S. Free Trade Agreement (FTA), which covers government procurement, opens U.S. government supply contracts valued at over $25,000 (U.S.) to Canadian suppliers. In the case of these covered contracts, the U.S. government agencies which are listed in the annex to Chapter 13 have waived the application of the Buy American Act. The FTA, however, does not cover Government contracts for services or construction, nor does it apply to funding programs.

The procurement policies of Crown corporations and other state corporations are also not covered by the FTA.

In the case of Amtrak, supply contracts do have "buy American" requirements. The Rail Passenger Service Act prohibits Amtrak from buying goods valued at more than $1 million (U.S.) from foreign vendors unless substantially all of the components are of U.S. origin.

Government procurement policies are the subject of negotiation in both the Uruguay round of multilateral trade negotiations and the negotiations on the North American Free Trade Agreement. Canada's objective is to expand access to the U.S. Government procurement market through the liberalization of remaining barriers such as the Buy American Act.

TAXATION

"WHERE YOUR TAX DOLLARS GO"—NUMBER AND DISTRIBUTION OF GOVERNMENT PAMPHLET

(*Response to question raised by Hon. Raymond J. Perrault on April 8, 1992*)

The department of Finance printed 150,000 copies of the brochure entitled "Where your tax dollars go". The cost of the printing amounted to $25,000.

The pamphlet was distributed to Members of Parliament and was also included in ministerial and departmental correspondence. Targeted mailing lists and InfoNet Media services (a division of Strategium Media Inc. of Rexdale, Ontario), which operates a supermarket information centre network, were also used to distribute the pamphlet.

A total of 110,000 brochures were distributed through Safeway stores in Greater Vancouver. Safeway is only one of over 40 regionally, provincially and nationally incorporated supermarket chains—representing a total of 904 stores—who lease consumer advertising/distribution points to InfoNet Media.

The government of Canada has not entered into agreements with any supermarket chains. The participating supermarket outlets offer space for display/distribution centres operated by InfoNet Media and exercise no control over what is being displayed or offered to consumers by that company.

SOUTH AFRICA

REMOVAL OF SANCTIONS—GOVERNMENT POLICY

(*Response to question raised by Hon. Peter Bosa on April 9, 1992*)

Canadian sanctions policy was developed and continues to be managed within the context of the Commonwealth.

At the Commonwealth Heads of Government Meeting (CHOGM) in Harare in October 1991, leaders endorsed the programmed management approach to the lifting of sanctions recommended by the Commonwealth Committee of Foreign Ministers on Southern Africa (CFM) in Delhi in September (the Secretary of State for External Affairs chairs this Committee).

The programmed management approach links changes in the application of sanctions to real steps by the South African Government to end apartheid.

Heads of government agreed in Harare to the following:

— the immediate removal of "people-to-people" sanctions, including: restrictions on visa issuance, the promotion of tourism and official contacts; boycotts on cultural and scientific contacts; and the ban on direct air links;

— the removal of economic sanctions, composed of trade and investment measures, when appropriate transitional mechanisms have been agreed upon which would allow all parties to participate fully and effectively in negotiations;

— the removal of financial sanctions when there is agreement on the text of a new democratic constitution in South Africa, or earlier if all parties to the negotiations called for their removal;

— the retention of the arms embargo until a new post-apartheid South African Government has been established (under the new Constitution) with full democratic control and accountability.

The Secretary of State for External Affairs made it clear throughout her recent visit to South Africa that Canada continues to support, and will adhere to, the Commonwealth criteria for lifting sanctions.

CUBA

TRADE RELATIONS—GOVERNMENT POLICY

(*Response to question raised by Hon. Lorna Marsden on April 9, 1992*)

The Government does not anticipate any change to its trade policy towards Cuba. Canada considers the expansion of trade with Cuba as an important factor in our bilateral relations.

Canada has had trade relations with Cuba since the beginning of the century. In 1991, bilateral trade was worth $280 million.

The Government does not anticipate that Cuba's attempt to develop closer ties with some Middle Eastern countries will affect our trading or other relations with Cuba.

COMMUNICATIONS

GOVERNMENT ADVERTISING CAMPAIGN—USE OF CANADIAN AGENCIES—GOVERNMENT POLICY

(*Response to question raised by Hon. Keith Davey on April 9, 1992*)

Two Canadian advertising agencies are involved in the recent department of Industry, Science and Technology ad campaigns.

PNMD-Publitel is handling the television and tabloid ads for the "Canada, buy into it" campaign.

The MacLaughlin Group is involved in the "Yes, we can" television advertising. This firm is also preparing brochures for both ad campaigns.

PRINCE EDWARD ISLAND

CUTS TO FEDERAL FUNDING OF JUVENILE JUSTICE SERVICES

(Response to question raised by Hon. Lorne Bonnell on April 9, 1992)

Federal contributions under the Cost-sharing Agreement are conditional on receipt, by the Department of Justice, of claims from the provinces and territories for the cost of eligible services provided to young persons under the Young Offenders Act.

Claims for fiscal years 1988-89 and 1989-90 from Prince Edward Island were delayed until May 23, 1990. Consequently, there were no contributions made to the Province between November 20, 1988 and June 20, 1990. Federal contributions have now been remitted for all years up to the end of 1991-92, for example, March 31, 1992.

Therefore, the payments totalling $5,176,349 and $2,224,377 in 1990-91 and 1991-92 respectively, represented contributions made towards costs incurred by the Province in those two years, as well as prior years' costs; as follows:

Breakdown of Contributions to Prince Edward Island in 1990-91 and 1991-92

Year Paid	Year to Which Contribution Applies			
	1986-87(1)	1987-88(1)	1988-89(2)	Sub-Tot
1990-91	109,696	70,066	1,321,529	1,501,291
1991-92	0	0	96,712	96,712
TOTAL	109,696	70,066	1,418,241	1,598,003

Year Paid	Year to Which Contribution Applies			
	1989-90	1990-91	1991-92	Sub-Tot
1990-91	1,837,529	1,837,529	0	3,675,058
1991-92	96,712	96,712	1,934,241	2,127,665
TOTAL	1,934,241	1,934,241	1,934,241	5,802,723

[Senator Lynch-Staunton.]

YEAR PAID	TOTAL
1990-91	5,176,349
1991-92	2,224,377
TOTAL	7,400,726

1. The amounts shown for 1986-87 and 1987-88 represent balances paid to settle final claims;

2. The capped amount for 1988-89 is $1,934,241 which is made up of $1,418,241 paid in 1990-91 and 1991-92 and $516,000 paid in 1989-90.

RADIO CANADA INTERNATIONAL

EFFECTS OF CUTBACKS—FUNDING FOR GOVERNMENT ADVERTISING

(Response to question raised by Hon. Raymond J. Perrault on April 9, 1992)

In December 1990, the CBC Board of Directors announced that it would not be able to provide the international service any longer. The government recognized the importance of Radio Canada International (RCI) and approved a five-year plan to keep RCI on the air.

The department of External Affairs and International Trade now has a contract with the CBC, who provides an international service in seven languages. This contract involves $80 million of new funding, a considerable amount, which in these times of fiscal restraint demonstrates this government's commitment to the international shortwave service. This arrangement has been commended by the recent report of the House of Commons Standing Committee on Communications and Culture.

The Standing Committee on Communications and Culture recommends that, in recognition of international objectives in trade and culture, the Government of Canada review the mandate of Radio Canada International with a view to clarifying and strengthening its future role in projecting Canada's image and interests through international broadcasting; further, it recommends that funding for RCI remain the responsibility of the Department of External Affairs, with the Canadian Broadcasting Corporation providing programming, production and delivery.

The funding for RCI in 1991-92 was $13.5 million and, as published in the Main Estimates, will be $14.7 million for the 1992-93 period.

ANSWER TO ORDER PAPER QUESTION TABLED

UNITED NATIONS—BUDGET OF CANADIAN AMBASSADOR

Hon. John Lynch-Staunton (Deputy Leader of the Government) tabled the answer to Question No. 5 on the Order Paper—by Senator Marshall.

● (1450)

DEBT SERVICING AND REDUCTION ACCOUNT BILL

SECOND READING—ORDER STANDS

On the Order:

> Resuming debate on the motion of the Honourable Senator Simard, seconded by the Honourable Senator Di Nino, for the second reading of Bill C-21, An Act relating to the accounting of certain payments for the servicing and reduction of the debt of Canada.

Hon. Royce Frith (Leader of the Opposition): Honourable senators, I take it that under the new rules we cannot move adjournment of the debate in anyone's name. We have someone who proposes to speak on this matter, but under the new rules, all orders stand in the name of the government. I will simply move the adjournment of the debate. We intend to proceed with it this week.

Order stands.

EXTRADITION ACT

BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

Hon. R. James Balfour moved the second reading of Bill C-31, to amend the Extradition Act.

He said: Honourable senators, the incidence of transnational crimes, greater ease of mobility by fugitives across borders, and the increasing complexity of extradition proceedings underline the need for Parliament to enact modern extradition law, a law which is capable of accommodating current demands.

Canadians are deeply concerned about our legal system operating as an impediment to Canada being able to return persons whose extradition is properly sought from Canada. These concerns about our extradition laws have grown as a result of the recent high profile cases of Ng and Kindler. The concerns have to do with the sense that Canada might become a haven for fugitives fleeing prosecution or punishment for crimes committed in other countries.

Canada has a reputation as a society which places a high value on justice, and it is repugnant to this sense of justice that the perpetrators of criminal acts can escape having to face the consequences of these acts by crossing the border into Canada. One must recognize that much of the public's concern rests on the seemingly interminable legal appeal proceedings which typify extradition from Canada. The excessive delays in the present Canadian extradition process result from the fact that under the current Extradition Act it is possible for fugitives to pursue numerous routes of appeal. Streamlining the appeal process was the first priority of the government's current review of extradition law.

On September 17, 1991, the Minister of Justice tabled Bill C-31, to amend the Extradition Act, in the House of Commons. This piece of legislation is the culmination of efforts to reduce the inordinate delays that are currently possible in regard to the appeal and review of extradition cases.

In developing a more streamlined appeal and review system, the Minister of Justice, in her speech to the other House, stated that the government had been guided by the following basic principles:

1) The appeal and review process in extradition matters should resemble, as nearly as possible, the remedies available to those charged with criminal offences in Canada;

2) The person whose extradition is sought should enjoy the protection of the Canadian Charter of Rights and Freedoms;

3) To the extent possible, duplication of proceedings (such as having a court render a decision with respect to the same person more than once) should be avoided;

4) The appeal and review process should be expedient, but be sufficiently flexible to permit the person to have a fair hearing by both the minister and the courts;

5) The division of functions as between the judiciary, to examine the evidence, and the minister, to assess the humanitarian and other foreign policy concerns related to surrender, is clearly respected;

6) Our international obligations to our extradition treaty partners to return offenders must be respected.

These principles which underline the bill are fair and are worthy of adherence. I am pleased, therefore, to stand before you today to speak in favour of this initiative and to invite all honourable senators to support this legislation and to give it timely consideration. The need for the amendments contained in the bill is urgent.

Bill C-31 represents the first phase in the reform of the Extradition Act. The second phase of the reform of Canadian extradition legislation will involve the review of all other aspects of the Extradition Act and the Fugitive Offenders Act. I understand that a review of this legislation was undertaken by the Department of Justice in 1990, that work on this second phase is quite advanced and that we can expect to review that package within the year. Today, however, my remarks will focus on Bill C-31.

The purpose of the bill is essentially to reduce the lengthy delays which currently exist in extradition cases while, at the same time, protecting the rights of the person who is sought by foreign authorities.

The present extradition process has two stages. The first is a judicial stage where a judge decides whether there is sufficient evidence against a person requested by the foreign state to

subject him or her to surrender. In the second stage, described as the executive stage, the Minister of Justice decides whether to surrender the requested person.

Under the present law, in an extradition case an appeal of the decision of the extradition judge and a review of the decision of the Minister of Justice are held consecutively and in different court systems—the former in the provincial superior courts and the latter in the federal court system. The decision of the extradition judge is subject to basic court proceedings. An appeal of the decision can then be heard by the provincial or territorial courts of appeal and eventually by the Supreme Court of Canada. It is only after those appeals, if any, have been exhausted that the Minister of Justice is requested to surrender the fugitive. The decision of the Minister of Justice can then be reviewed by the Federal Court, and then by the Supreme Court of Canada.

I believe that Bill C-31 will go some distance in setting to rest the perception that Canada could be a safe haven for fugitives who have committed serious crimes abroad. The provisions of the bill detail the means available to challenge the judicial and ministerial decisions which are made after Canada receives an extradition request from a foreign state.

The amendments contained in Bill C-31 speed up the extradition process in several ways. First, the number of appeals available to a fugitive are decreased. Extradition depends on the decision of both a judge and the Minister of Justice, and the bill precludes the option of reviews of the minister's decision by the Federal Court of Canada. Instead, the jurisdiction to hear appeals of extradition decisions made by the minister or the judge who sits at an extradition hearing is to be assigned to the respective provincial or territorial court of appeal.

Second, that court will have a comprehensive power to control the appeal and review processes, examine both judicial and ministerial decisions at the same time, and ensure that appeals and reviews are conducted efficiently and fairly. The bill allows hearings of appeals to be combined, which in turn reduces the number of opportunities to take a given case to the Supreme Court of Canada.

Third, in order to ensure that the steps in the court process move along quickly, the proposed legislation stipulates specific procedural time limits in order to keep extradition processes moving. For example, there are time periods for counsel for the fugitive to make submissions to the Minister of Justice and for the Minister of Justice to decide upon surrender. The bill provides a statutory recourse if the time periods are not met. These clear-cut and time-specific rules will expedite extradition cases.

• (1500)

Essentially, honourable senators, in place of the current protracted procedures, the bill provides a streamlined appeal structure which is both fair to the fugitive and expeditious. As well, the new procedures are consistent with the Charter of Rights and Freedoms. The amendments strike an appropriate balance between efficiency and fairness.

[Senator .]

While the effect of the amendments is basically to speed up the expedition process, the person whose extradition is sought is afforded appropriate Charter protections in respect of the decisions of the judge or the minister. The bill strikes a proper balance between clear need for efficiency in extradition cases and the importance of safeguarding the rights of individuals.

Bill C-31 deserves swift passage so that expedition cases can be handled efficiently and fairly, and Canada can better meet its commitments to other members of the international community in matters relating to expedition.

On motion of Senator Lewis, debate adjourned.

PRIVATE BILL

NORTHWEST CANADA CONFERENCE EVANGELICAL CHURCH—BILL TO AMEND ACT OF INCORPORATION—SECOND READING

Hon. H.A. Olson moved the second reading of Bill S-9, An Act to amend the Act of incorporation of the Northwest Canada Conference Evangelical Church.

He said: Honourable senators, Bill S-9 is a very short bill. It has two clauses only. One clause repeals subsection 7(2) of Chapter 79 of the Statutes of Canada 1928. That will remove the limitation of this church to hold more than $1 million worth of assets. It does not put in any new limitation; it just removes that particular limitation.

The other clause of this bill provides a French name for this corporation. I could try to pronounce it but it would be better if some people who are familiar with these French words could read it. It simply provides a French name which hopefully means the same as the North West Canada Conference Evangelical Church. That is all the bill asks of Parliament.

I hope that honourable senators will agree to pass second reading. I presume we would then send the bill to a committee in order to hear other explanations from the officers of the church.

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?

On motion of Senator Olson, bill referred to the Standing Senate Committee on Legal and Constitutional Affairs.

GLOBAL PARLIAMENTARIANS CONFERENCE ON HUMAN SETTLEMENT AND SUSTAINABLE DEVELOPMENT

Hon. Pat Carney rose pursuant to notice of March 24, 1992:

That she will call the attention of the Senate to the 1992 Global Parliamentarians Conference on Human Settlement and Sustainable Development, held in Vancouver, B.C., from 16th to 18th March, 1992.

She said: Honourable senators, I would like to call attention to the Vancouver 1992 Declaration from the Global Parliamentarians Conference on Habitat regarding Human Settlements and Sustainable Development. I attended this conference with the honourable Ray Perrault from March 14 to March 20. I would like to inform my fellow senators of the activities and issues considered at the conference in the interests of establishing and perserving high quality human developments.

The Conference on Human Settlements and Sustainable Development was attended by representatives from 64 countries which was quite an amazing turn-out for this Vancouver event. All participants endeavoured to further the objectives of the global parliamentarians on habitat.

Mr. Speaker, I cannot even hear myself speak. Could you please restore order?

The Hon. the Speaker: Order. Honourable senators, I think we should grant the courtesy of listening to Senator Carney. We have a rule that says conversations should be held outside the Chamber, and not in the Chamber.

Senator Carney: Thank you, Mr. Speaker.

The participants from 64 countries who attended this conference in Vancouver agreed that our objectives were to promote and support human settlement issues in national parliaments and other national fora.

I would like to draw special attention to the contributions of my caucus colleague Robert Wenman in organizing the conference and establishing the Global Parliamentarians as an official association which will further coordinate its future activities with similar United Nations-sanctioned organizations. In recognition of Mr. Wenman's efforts and dedication to this issue, he was elected as the first chairman of the association.

● (1510)

Central to the discussions at the conference was the challenge of maintaining the quality of life in cities undergoing rapid growth. Associated problems of social service delivery and infrastructure planning can be found in cities around the globe, first and third world. Growth and planning related concerns exist in my hometown of Vancouver and to a more immediate and pressing degree in cities such as Calcutta, Rio de Janeiro and Mexico City.

To address these problems a new spirit of cooperation must emerge between urban planners and parliamentarians at all levels of government. I would like my fellow senators to note the involvement at the conference of municipal, provincial, and federal government representatives, all of whom recognized the complexities and urgency of the situation we in Canada and other peoples around the world face.

Arcot Ramachandran, the Under-Secretary General for the UN Centre for Human Settlements, participated in the conference and emphasized the need for cooperation in his opening speech. Mr. Ramachandran observed that people who live in cities are both the immediate cause and victims of the pollution cities emit. Of course, we all know that cities and urbanization are not an evil in and of themselves. They provide unparalleled opportunities for cultural interchange and the production of wealth. Urban planners need to consider the effect their proposals will have on the environment and human populations before they begin their work. Otherwise, the after-the-fact assessments will be dealing only with symptoms, not the problems themselves. I should point out that a major impact of these problems in these cities is on women and children. They are the leading victims of problems of urbanization.

Delegates to the conference spent the week sharing ideas on planning and urbanization developed through experiences in their own communities. The result of this week of discussions was the Vancouver 1992 Declaration on Human Settlements and Sustainable Developments, a comprehensive series of recommendations to improve urban management programs around the world. Land-resource management, environmental infrastructure, sustainable transport and energy systems and human resource development: these were some of the issues that were assessed, and extensive recommendations for actions in each area are provided in the declaration. I would encourage all senators who are interested in preserving the quality of our cities and our environment to take the opportunity to review and seriously consider this document.

Rather than read the report, I would ask the permission of honourable senators simply to table it instead, and I urge you to examine some of the issues and recommendations so that we as parliamentarians can do our part on this important issue.

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

Hon. Senators: Agreed.

Report tabled.

The Hon. the Speaker: Honourable senators, if no other honourable senator wishes to speak, this inquiry is considered debated.

The Senate adjourned until tomorrow at 2 p.m.

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THE SENATE

Wednesday, May 6, 1992

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

Prayers.

SENATORS' STATEMENTS

GENERAL ELECTION

NUMBER OF DAYS LEFT IN CURRENT TERM

Hon. Royce Frith (Leader of the Opposition): Honourable senators, the election clock for the democracy-loving government in Canada reads 199 days today. We have broken 200. For the cowardly and contemptuous government, there are 585 days left.

VETERANS AFFAIRS

CBC MINI-SERIES "THE VALOUR AND THE HORROR"—COMMENCEMENT OF SUBCOMMITTEE HEARINGS

Hon. Jack Marshall: Honourable senators, I want to take this opportunity to advise members of the Senate that the Senate Subcommittee on Veterans Affairs is now in the planning stages to hold hearings on the series of films, "The Valour and Horror". We will need help, and I appeal to interested senators, particularly the many distinguished veterans we have here, to join us. We would appreciate your appearance at the hearings, which will start some time in June.

Hon. Royce Frith (Leader of the Opposition): Honourable senators, may I make a brief comment, under Senators' Statements, referring to the comments made by Senator Marshall?

I had told Senator Marshall that my colleagues on this side did not support his initiative and that, had he proceeded with his earlier motion, we would have opposed it, because, in this case, we do not think it is an appropriate role for the Senate to be involved in—as I explained to him, without getting into the merits of the film itself.

Moreover, I want to say on behalf of my colleagues that they find it a bit difficult to attend meetings of the subcommittee held on a Wednesday, since that is caucus day. I believe one Wednesday meeting has already been held and others are planned for the future.

Senator Marshall: Honourable senators, the meetings that we intend to hold will not take place on Wednesdays. We will try to have a series of meetings in as short a period of time as possible. At the committee, there was an all-party agreement that that would be the way to proceed.

BUSINESS OF THE SENATE

Hon. P. Derek Lewis: Honourable senators, I note that we have no Order Paper before us. Did the government dispense with the Order Paper?

Senator Molgat: That must be one of the obscure elements of the new rules.

The Hon. the Speaker: I understand, honourable senators, that it is on its way. It should be distributed at any moment.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, I believe there is a problem in proceeding without having the Order Paper before us. I really doubt that the Senate can proceed, just as it cannot proceed when there is no simultaneous interpretation. I am not trying to be niggling on this, but I think it poses a fundamental problem for the Senate.

Senator Frith: Perhaps the people who prepare this document believe that if it is not available we will just proceed without it. I do not think we should encourage that attitude. Let us suspend the sitting to the call of the bell until we get the Order Paper.

The Hon. the Speaker: Honourable senators, I cannot give you an explanation. I am informed that it is on the way. May I suggest that we proceed with the routine proceedings and—

Some Hon. Senators: No.

The Hon. the Speaker: — when we get to Orders of the Day we will have the document.

Hon. John Lynch-Staunton: I suggest we suspend to the call of the bell until the document is before us.

Senator Frith: The bell can be rung when we have the Order Paper.

Senator Lynch-Staunton: Thank you for raising that.

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

Hon. Senators: Agreed.

The Hon. the Speaker: We will have a five-minute bell.

Honourable senators, I understand that the Order Paper has just arrived. Is it your pleasure then to rescind the five-minute bell? The document is being distributed now.

Hon. Senators: Agreed.

Senator Frith: But we will not proceed until we all have it.

OFFICIAL LANGUAGES

ANNUAL REPORT OF COMMISSIONER TABLED

The Hon. the Speaker: Honourable senators, I have the honour to table the annual Report of the Commissioner of Official Languages covering the calendar year 1991.

PRIVATE BILL

ROYAL SOCIETY OF CANADA—BILL TO AMEND ACT OF INCORPORATION—REPORT OF COMMITTEE

Hon. Nathan Nurgitz, Chairman of the Standing Senate Committee on Legal and Constitutional Affairs, presented the following report:

WEDNESDAY, May 6, 1992

The Standing Senate Committee on Legal and Constitutional Affairs has the honour to present its

ELEVENTH REPORT

Your Committee, to which was referred the Bill S-7, An Act to amend the Act to incorporate the Royal Society of Canada, has, in obedience to the Order of Reference of Tuesday, March 31, 1992, examined the said Bill and now reports the same with two amendments:

1. *Page 1, Preamble:* In the French version, strike out line 3 and substitute the following:

   "a) d'être soustraite à la restriction relative"

2. *Page 1, clause 1:* Strike out lines 17 to 29 and substitute the following therefor:

   "**1.** Section 1 of chapter 46 of the Statutes of Canada, 1883, is amended by striking out, at the end of the section, immediately following the word "thereof", the words "Provided always, that the annual value of the real estate held at any time for the actual use of the Society shall not exceed four thousand dollars"."

Respectfully submitted,

NATHAN NURGITZ
Chairman

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration? On motion of Senator Nurgitz, report placed on the Orders of the Day for consideration at the next sitting of the Senate.

● (1410)

MOTOR VEHICLE SAFETY BILL

REFERRAL TO COMMITTEE—NOTICE OF MOTION TO WITHDRAW BILL S-8 FROM TRANSPORT AND COMMUNICATIONS COMMITTEE AND REFER BILL TO LEGAL AND CONSTITUTIONAL AFFAIRS COMMITTEE

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, I give notice that tomorrow, Thursday, May 7, 1992, I will move:

That Bill S-8, An Act to regulate the manufacture and importation of motor vehicles and motor vehicle equipment to reduce the risk of death, injury and damage to property and the environment, which was referred to the Standing Senate Committee on Transport and Communications, be withdrawn from the said committee and referred to the Standing Senate Committee on Legal and Constitutional Affairs.

[*Translation*]

GOODS AND SERVICES TAX

PRESENTATION OF PETITIONS

Hon. Jacques Hébert: Honourable senators, I have the honour to present petitions from 527 residents of British Columbia who oppose the goods and services tax.

These petitions, like yesterday's, come mainly from Kamloops. This means that in two days, Kamloops has sent us more than a thousand signatures.

QUESTION PERIOD

[*English*]

HEALTH AND WELFARE

"BRIGHTER FUTURES" PROGRAM—GOVERNMENT FUNDING FOR CHILDREN AT RISK

Hon. Royce Frith (Leader of the Opposition): Honourable senators, I have a question for the Leader of the Government in the Senate that relates to the government's program called "Brighter Futures".

I am asking for some background information regarding that program. I have the outline of the program under the headings of "prevention, promotion, protection and partnership". I do not need details of the program at the moment, but I have seen preliminary research that indicates that over the past five years Canadian children have been deprived of some $5 billion in programs for children—programs that otherwise would have taken effect.

Can the Leader of the Government ask his colleagues or the appropriate department to see if those figures are approximately correct? In the meantime, I will also be working on more detail about that $5 billion.

Hon. Lowell Murray (Leader of the Government): Honourable senators, in the absence of some further detail or documentation of the assertion the honourable senator has made, it would be very difficult to do what the honourable senator asks.

What he has suggested is that there is $5 billion of benefits that Canadian children are not receiving that they might otherwise have received but for some intervention on the part of the Government of Canada.

Senator Frith: Yes, such as capping or indexing. If the Leader of the Government is inviting me to obtain more detail, I will try to do that.

Senator Murray: Yes.

Senator Frith: Very good.

NATIONAL CAPITAL COMMISSION

USE OF DALY BUILDING SITE

Hon. Colin Kenny: Honourable senators, I have a question for the Leader of the Government in the Senate. Once again, my question is with respect to the site of the Daly Building. Would the Leader of the Government in the Senate be supportive of the idea of establishing a small, special committee of senators, perhaps three or five, to examine the question over the next three or four months?

Hon. Lowell Murray (Leader of the Government): Honourable senators, I am loath to impose upon honourable senators in that way.

Senator Frith: Oh, impose; please impose.

Senator Murray: It is up to honourable senators to decide whether they want to form a special committee or a subcommittee of an existing committee, or even an informal committee to pursue an ad hoc subject of that kind in this way. I would have no objection if it is the wish of honourable senators to pursue the matter in that way.

CANADA-FRANCE RELATIONS

ST. PIERRE AND MIQUELON—STATUS OF BOUNDARY DISPUTE

Hon. John B. Stewart: Honourable senators, I would ask the Leader of the Government in the Senate if he has anything to tell us about the decision with regard to the boundary dispute between Canada and France in the area of St. Pierre and Miquelon? Has a decision been made on that matter? If not, when is a decision anticipated?

Hon. Lowell Murray (Leader of the Government): Honourable senators, the last note I saw on the matter indicated that we had been advised informally that the judgment would probably be rendered toward the end of this month or early next month. Yes, I am told that the decision can now be expected at the end of May or early June.

THE ECONOMY

INTERNATIONAL BUSINESS MACHINES—REDUCTION OF IBM'S CANADIAN WORK FORCE

Hon. Jerahmiel S. Grafstein: International Business Machines, or IBM, has announced that it is about to reduce its workforce in Canada by roughly 20 per cent by patriating jobs in the sales, marketing and other administrative services to the United States. Is the government aware of this issue, and have there been discussions on the matter with IBM? Further, does the government feel that there are any means at its disposal to restrain IBM from continuing to sell into the Canadian marketplace while repatriating jobs to the United States?

[Senator Murray.]

Hon. Lowell Murray (Leader of the Government): Honourable senators, I am not personally aware of this matter but I will ask my colleague, Mr. Wilson, whether he has anything to report on that matter.

JUSTICE

CAUSES OF RIOTING IN TORONTO—GOVERNMENT POSITION

Hon. Stanley Haidasz: Honourable senators, I would bring to the attention of the Leader of the Government in the Senate that, for the second night in a row, riots by roaming youths have again occurred in downtown Toronto streets causing damage to businesses and upsetting peace and order there. Since it is the government's duty, by virtue of the Constitution of Canada, to make sure that we have in this country peace, order and good government, I would like to ask what the government has done or is planning to do to seek out the root causes of this rioting, and to provide jobs for the disadvantaged and school dropouts who are apparently causing or participating in these riots. Would the Leader of the Government bring us up to date on what the government has done or is intending to do in this matter.

Hon. Lowell Murray (Leader of the Government): Honourable senators, there is nothing I can add to what I said yesterday on that subject.

● (1420)

I remain reluctant to comment on the particular incidents in Toronto. Under our Constitution the administration of justice is the responsibility of the provinces. With respect to the root causes of these incidents, the honourable senator is speculating as to what they may be, and I decline to enter into that type of speculation.

Senator Haidasz: Honourable senators, I would inform the Leader of the Government in the Senate that the RCMP is also involved in law enforcement in Toronto and the RCMP is the responsibility of the Solicitor General of Canada, a member of the Government of Canada. How can this government then, like Pontius Pilate, wash its hands and have nothing to do here?

Senator Murray: Honourable senators, I repeat, the administration of justice is the responsibility of the provincial authorities.

NATIONAL CAPITAL COMMISSION

USE OF DALY BUILDING SITE

Hon. Roméo LeBlanc: Honourable senators, I have a question for the Leader of the Government in the Senate. I noticed his lack of enthusiasm for the Senate's involvement in the preservation of some space on the site of the Daly Building.

He may wish to use a very important precedent to convince his colleagues. I refer to Les Jardins du Luxembourg in Paris. The Senate of France directly administers all aspects of those gardens, including providing the staff for the greenhouses which produce the flowers for this world-famous public park. Perhaps, using this as an example, he might encourage his colleagues to be more imaginative.

Hon. Lowell Murray (Leader of the Government): Honourable senators, one learns something new every day. I must confess that I did not know that the Senate of France was in charge of Les Jardins du Luxembourg. That is an interesting precedent and an interesting example.

If our friends here on both sides want to pursue the issue of the use of the space that was formerly occupied by the Daly Building, I have no objection to that. If they wish to speculate on the possibility of having the Senate get into the parks business, I have no objection to that either.

Senator LeBlanc: Perhaps I could make a suggestion to the Leader of the Government in the Senate. One of the real problems is the difficulty faced by taxpayers who live outside of the Ottawa area in trying to gain access to Parliament Hill, accompanied by children or people who are handicapped.

Since the site of the Daly Building is, I am told, to be boarded up, perhaps the terrain could be levelled and made into a summer parking lot to be used by taxpayers from outside the Ottawa region for a minimal charge.

Senator Murray: That is another interesting idea, honourable senators, and I shall certainly convey it to the responsible authorities.

IMMIGRATION

REFUGEE BOARD—SUSPENSION OF OFFICERS—REQUEST FOR UPDATE

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, in early March, as a result of problems that arose at Refugee Board hearings, three individuals in the Toronto region were suspended by the Chairman of the board, Mr. Gordon Fairweather. At that time it was indicated that their salaries ranged between $71,000 and $91,000. Mr. Fairweather stated, when they were being suspended, that their appointments could only be cancelled by the federal government and that any decision about terminating their contracts would have to be made by the Privy Council. In view of their substantial salaries, can the minister indicate to us whether, indeed, payment has ceased to these people? What is their status?

● (1430)

Hon. Lowell Murray (Leader of the Government): Honourable senators, I shall have to inquire.

TRANSPORT

PORT OF CHURCHILL, MANITOBA—GOVERNMENT POLICY

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Earlier in the session I had asked the Leader of the Government about a statement that had been promised by the Minister of Transport regarding the Port of Churchill for this year. Subsequently, I did get the reply that the government intended to keep the Port of Churchill open.

Obviously, in order to succeed, the port has to have some traffic going through it, and the traffic, essentially, has to be grain traffic. Will the government take some steps to ensure that there is grain traffic going through that port in order to justify keeping it open? As honourable senators know, Churchill is the only port in the prairie region of western Canada, and is an important element insofar as prairie grain growers are concerned.

My understanding is that the Russians, who are proceeding to purchase more grain from us this year, are indeed interested in receiving shipments through Churchill because there is a savings in freight.

Will the government do something to facilitate this matter?

Hon. Lowell Murray (Leader of the Government): There again, honourable senators, I shall have to ask my colleague Mr. Mayer, the Minister of State in charge of the Wheat Board, to let me have a report on this matter.

DELAYED ANSWERS TO ORAL QUESTIONS

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, I have delayed answers to oral questions raised on April 1 by Senator Marsden regarding the amalgamation of the Social Sciences and Humanities Research Council and the Canada Council; on April 8 by Senator Fairbairn regarding the television advertising of the Beaudoin-Dobbie report; and on April 9 by Senator Petten regarding foreign overfishing of northern cod.

SCIENCE POLICY

AMALGAMATION OF SOCIAL SCIENCES AND HUMANITIES RESEARCH COUNCIL AND CANADA COUNCIL

(*Response to question raised by Hon. Lorna Marsden on April 1, 1992*)

A transition committee has been formed to present recommendations to the Minister of Communications on the specific details of the merger of the Social Sciences and Humanities Research Council (SSHRC) and the Canada Council. Issues such as appropriate funding mechanisms are expected to be addressed by the committee. In addition, the transition committee has been charged with developing arrangements to respect the integrity of both the research and arts mandates and maintain the present practice of peer review. The transition committee is co-chaired by Dr. Paule Leduc, Director of the SSHRC and

Director designate of the Canada Council, and Ms. Joyce Zemans, Director of the Canada Council.

The Minister of Communications announced an annual funding increase for the SSHRC of four percent over the period 1992-93 to 1995-96 which is an indication of the Government's commitment to support this important area of endeavour. The increase will result in an additional $40 million for university research and training in social sciences and the humanities. The Government is strongly supportive of the work being done by both the Canada Council and the Social Sciences and Humanities Research Council. The best interests of these organizations will be served by combining them into one new agency with the critical mass needed to create a higher public profile.

The existence of an international cultural and academic unit within the organization will allow for a continuation of efforts to enhance the exposure of works and performances of Canadian artists abroad as well as provide access to international markets for artists and products. In addition, the increased size of the organization will allow the new council to further the development of Canadian studies abroad and improve international recognition of the intellectual achievements of the Canadian scholarly community.

THE CONSTITUTION

BEAUDOIN-DOBBIE REPORT—TELEVISION ADVERTISING — ACCURACY OF REPRESENTATIONS

(*Response to question raised by Hon. Joyce Fairbairn on April 8, 1992*)

Following is the text of the televised commercial regarding the Beaudoin-Dobbie Report: "We've all been hearing a lot about the work underway to renew our constitution. This process isn't easy but it's important. The future of Canada depends on it.

Recently, a Special Joint Committee of the House of Commons and the Senate consulted with Canadians across the country, then made a unanimous report to Parliament. It includes recommendations in areas such as Québec's distinct society and the linguistic duality of Canada, self-government for Aboriginal peoples, Senate reform, a new sharing of responsibilities between governments, a social covenant and Canadian economic union. This report marks another step in the renewal of Canada's Constitution.

For your copy of the Special Joint Committee's report on a renewed Canada, call 1-800-561-1188. Get informed. Canada is worth it."

[Senator Lynch-Staunton.]

FISHERIES

FOREIGN OVERFISHING OF NORTHERN COD—STATUS OF NEGOTITATIONS

(*Response to question raised by Hon. William J. Petten on April 9, 1992*)

No negotiations are under way with the European Community (EC) on resuming Canada/EC fisheries relations, including granting of privileges in Canadian ports for EC fishing vessels.

The EC's fishery for northern cod outside 200 miles is contrary to the moratorium decided by the Northwest Atlantic Fisheries Organization (NAFO) and should cease.

In response to an EC proposal and to ensure that all NAFO members understand the critical situation of northern cod, Canada has requested a special meeting of the NAFO Scientific Council to review the state of the stock.

The government has no doubt that the NAFO Scientific Council will confirm the Canadian scientists' finding that the northern cod stock is under extreme pressure.

EXTRADITION ACT

BILL TO AMEND—SECOND READING

On the Order:

Resuming the debate on the motion of the Honourable Senator Balfour, seconded by the Honourable Senator Beaulieu, for the second reading of Bill C-31, An Act to amend the Extradition Act.

Hon. P. Derek Lewis: Honourable senators, the matter we have before us today for consideration is the second reading of Bill C-31, which proposes amendments to the Extradition Act. That act was enacted in 1877 and has remained in effect largely unchanged since that time. The object of the act was to provide a means whereby a person in Canada who has been accused or convicted of a crime in a foreign state with which Canada has entered into an extradition treaty or arrangement can be apprehended and handed over to that state. This action, of course, would follow the request of a foreign state for the return of a fugitive.

The act provides the procedure to be followed for the apprehension of the fugitive and the process for determining whether the fugitive is extraditable. One of the criteria under the act is that the fugitive has committed, or is alleged to have committed, an offence that is a crime both in the requesting foreign state and in Canada. There are provisions that afford the fugitive with legal remedies and protection.

As Senator Balfour has explained, the process is a two-stage procedure. First, the fugitive is apprehended on warrant and then brought before a superior court judge who decides, on evidence to be submitted, whether that evidence is sufficient to

justify the handing over of the fugitive to the foreign state. The hearing is handled in the usual manner under our judicial system, and the judge's decision is subject to appeal to a provincial appeals courts and, eventually, to the Supreme Court of Canada. Should the judge's determination that the fugitive be committed for surrender be upheld by the final court of appeal, then, in the second phase of the procedure, the Minister of Justice shall determine whether in fact the fugitive will be surrendered.

At this stage, there is a further hearing at which representations can be made. The Minister's decision is itself appealable to the Federal Court, the Federal Court of Appeal, and ultimately to the Supreme Court of Canada. All this procedure can take several years to process, during which time the fugitive remains in custody in Canada.

The delays in the extradition process have led the public to feel that too much consideration is given to fugitives subject to the extradition procedure. The whole process is brought into disrepute, and a feeling exists in the public mind that greater leeway is given to fugitives than is given to persons accused of crime in Canada itself.

The high profile cases of Ng and Kindler have only highlighted this view and led to a fear that Canada is becoming a haven for fugitives fleeing their own countries in order to evade due process there. It is even believed that knowledge of how Canada is such a haven is becoming worldwide, thus encouraging more fugitives to come here. All of this has provoked a demand for amendment to the extradition process; that it be tightened and speeded up.

The intent of the present bill is to provide for a swifter and more streamlined process of hearing, appeal and review. The bill seems to meet this objective, whilst providing the protections of our judicial system similar to that provided to those charged with offences in Canada. The basic objectives of the bill and the proposed new procedures were well set out by Senator Balfour in moving second reading, and I will not elaborate on them.

To the extent that the bill deals with this narrow aspect of the administration of the Extradition Act, it appears that it deserves support. There are other aspects of our extradition legislation that require attention, and it is to be noted from what Senator Balfour said that a review of such is under way. We can only hope it will not be too long delayed.

It remains to be said, however, that this bill's provisions are long overdue and should have been brought forward long before this. It appears as though the bill is only now being proposed in reaction by the government to strong concern expressed by the public, when the administration should long ago have been aware of its need.

In conclusion, I would say that whilst supporting the bill in principle, it remains to be seen what observations will be made in committee when the bill is studied there in detail for the effectiveness of its provisions. Once passed, however, the bill should be put into effect immediately.

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?

On motion of Senator Balfour, bill referred to the Standing Senate Committee on Legal and Constitutional Affairs.

DEBT SERVICING AND REDUCTION ACCOUNT BILL

SECOND READING

On the Order:

> Resuming the debate on the motion of the Honourable Senator Simard, seconded by the Honourable Senator Di Nino, for the second reading of Bill C-21, An Act relating to the accounting of certain payments for the servicing and reduction of the debt of Canada.

Hon. Allan J. MacEachen: Honourable senators, I should like to make a number of comments on Bill C-21 and, if possible, attempt to throw additional light on some of the arguments that were made by Senator Simard in moving second reading of the bill.

Senator Simard said that Bill C-21 would prove to be a major tool to free Canadians from the national debt burden.

● (1440)

Whatever the merits of the bill may be, it certainly will not do that. Bill C-21 is not a policy. It is not a program. It is not a tool. Its passing will have no effect on expenditures, no impact on revenue, no impact on the deficit, no impact on borrowing, and no impact on financial requirements. It will have absolutely no effect on any reality relating to the fiscal management of the country.

What it does do is try to present the reality in a more favourable light. Of course, its purpose, through an accounting manœuvre, is to make it appear that the GST is synonymous with deficit reduction. We have all heard about the fungibility of money, and because of the fungibility of money the GST revenue will have no more effect on the reduction of the deficit than revenue from any other source. When this bill is passed it will pass into oblivion, seldom to be recalled, because bills that are purely window-dressing do not have much impact.

Senator Simard told us what the bill is. It is an accounting procedure in the Consolidated Revenue Fund that will credit net proceeds from the GST and from privatization to that account. From this account, payments will be made to service or pay down the debt. That will happen in any event, whether the bill is passed or not. The Auditor General will audit the accounts, so that all Canadians can rest assured that it is not being mishandled.

That sounds all right and one might be reassured, except that the budget papers tell us that this account itself will have a

deficit of more than $20 billion per year over the next five years. That does not change anything. It is not intended to change anything. Perhaps that will become clear in the committee when members have an opportunity to examine officials.

Mr. Gerrard, chief economist of the Canadian Taxpayers Association, gave an explanation of the usefulness of the account as follows:

> Money is fungible. Just because the government chooses to establish this particular accounting system does not affect the bottom line that the government has a deficit.

The fact is, and the bottom line is, that as long as the government's expenditures exceed its revenues there will be a deficit. No matter how you count the beans, or the dollars, there still are not enough. Putting some of them in a new basket does not change the fact that the government is still spending more than it collects.

The Department of Economic Research of the Toronto Dominion Bank criticizes the debt service and reduction account as follows:

> This [account] is, of course, a public relations sham as all revenues go to reduce the deficit and a separate account has no meaning whatsoever.

I will not spend a lot of time talking about the bill itself. It will do no harm, and it will have no real impact on anything. Therefore, it ought not to be dealt with in itself, except that it provides an occasion to deal with a number of fiscal issues that were raised by Senator Simard in his comments. I regret that he is not here this afternoon, because I have some puzzlement arising from his analysis which he might want to clear up.

Let me begin by putting the matter in perspective. When the Conservative government came to office in 1984, the public debt of Canada was about $206 billion. Today, it is about $420 billion. That is contained in the budget documents. The public debt has more than doubled.

Senator Carney: It is your debt.

Senator MacEachen: Whatever comments may be made, the reality is that we have a public debt of $420 billion, and we had a public debt of $206 billion in 1984-85. It is those realities that I wish to analyze and with respect to which I wish to ask some questions concerning how all this happened, because there are various interpretations. That is the first fiscal reality.

Another fiscal reality is that, today, the deficit is just about where it was in 1984-85. It has come down a bit after eight years. I think in his first statement to the House of Commons in the fall of 1984 Mr. Wilson said, "The deficit we inherited is $34.5 billion." I have put that amount on the record several times. When Senator Kelly used the figure of $38 billion, I asked him if he would please comment on how the inheritance to which Mr. Wilson clearly referred and stated in the fall of 1984 had suddenly become $38 billion. Senator Kelly has not replied. The statement to which I refer is reported in *Hansard* of the House of Commons.

[Senator MacEachen.]

Today, the deficit is about $31 billion. There has not been a significant reduction in the deficit. There has been some slight progress, and there was better progress in the earlier period of the government than there has been in the later period. I analyzed that rather carefully in an earlier speech.

We are still hovering around $30 billion. The only improvement is in the projections. They have always been better than the reality, and they continue to be better. Mr. Mazankowski is projecting a lower deficit down the road, and we will travel that road expectantly.

Let me just refer to what Senator Simard said.

• (1450)

There has been an addition of $214 billion to the debt since the new Conservative government came into office. Senator Simard says that really this cannot be attributed in any way to the present government; that it is the responsibility of the former government; that even though this government has been in office for eight years, they have been powerless and helpless and incapable of affecting the public debt. It is all the result of the Liberal debt.

There is no doubt that there was a debt in 1984-85.

Senator Barootes: You admit it.

Senator Perrault: A modest debt.

Senator MacEachen: But in our absence the debt has increased to $420 billion. However, that has apparently not been the responsibility of the present government. We have been the unseen hand that has increased that debt and doubled it as we sat in the opposition.

When Senator Simard spoke on the bill on April 8, he said, at page 1368 of *Hansard*, that the present government did not add a cent to the debt. Senator Simard referred to the compound interest that has accrued on the public debt since 1984. I presume that he had in mind the chart which appeared on page 16 of the 1992 budget papers entitled, "How Compound Interest Pushed Up the Debt". Those of you who have looked at the budget papers will see, on page 16, that the chart shows compound interest of $239 billion on the 1984-85 debt. The budget papers explain, and I quote:

> Although the net debt has more than doubled since 1984, more than all of the increase reflects compound interest on the debt that existed already in 1984.

Senator Simard carried the thought one step further in saying that if compound interest on the 1984-1985 debt accounts for more than the debt increase since that time, the Conservative government is not responsible for any part of the increase.

I do not think it is that simple. I think Senator Simard should have looked more closely into the argument and, to begin with, at the definition of compound interest. I need some clarification on what compound interest means in this case.

The ordinary understanding of compound interest is that it is a payment on principal and accumulated interest. Is there any disagreement on that? If not, it is understood to be defined as the interest calculated on principal and on the accumulated interest. Senator Simard should know that the service charges on the public debt are paid in full every year. There is no accumulation of interest and, therefore, there can be no compound interest. It seems to me that that, then, is a very misleading comment to make.

Senator Perrault: Hear, hear.

Senator MacEachen: I presume that the Department of Finance is serious in this table which is entitled, "How Compound Interest Pushed Up the Debt". If you look at it, there is the national debt in 1984-1985, $206 billion, and then the next block is compound interest on the 1984-85 debt, $239 billion. There is another block, operating surplus since 1984-1985, $25 billion, and then the 1991-1992 national debt equals $420 billion.

Senator Simard based his analysis on this table. Would he explain to us, when he concludes on second reading, the calculations on which the $239 billion compound interest has been made? Would he also give the calculations of how the operating surplus of $25 billion was reached? It would help me understand the analysis that was put in the budget papers, that was repeated in the Commons by Mr. Mazankowski, the Minister of Finance, and repeated in the Senate. It is a new argument. This idea that all the debt accumulation since 1984 is the responsibility of the government of the preceding era has never appeared in the budget papers before. In any event, we will await some clarification on that point. Perhaps Senator Simard can help me.

However, there is another aspect that I am somewhat —

The Hon. the Speaker *pro tempore:* Can I help you in saying that your time is over, but with unanimous consent, you may continue?

Senator MacEachen: Your Honour, would you refer to rule 38(3), please? I understand that the person who makes the reply on a government bill has 45 minutes. Have I gone 45 minutes?

An Hon. Senator: It seems that way.

Senator Barootes: Somebody says it seems that way, but go ahead.

Senator MacEachen: Yes, I heard, Senator Barootes. My hearing is excellent and I do not need recycled comments.

In any event, I really want clarification. The second point that Senator Simard should have considered is that the debt is incurred not as a result of the payment of carrying charges but as a result of borrowing by the government. You add to the debt each year by borrowing. The service charges are expenditures like any other item in the expenditure plan, whether it be medicare, equalization payments or national defence. It is an expenditure like any other. But when there is a shortfall of revenue in relation to expenses, you borrow, and when you borrow, you add to your debt. Am I right?

The figures we have to look at are the figures on the government's financial requirements. I should point out, in case this has not come to Senator Simard's attention, that for the first three years of this government, total government borrowing always exceeded debt carrying charges. The cumulative difference in those first three years is $20 billion. I would therefore like an explanation of how it would be possible for the Liberal government to have been responsible for that cumulative difference of $20 billion.

I would like to relate this problem to the state of the economy and to the overall policies of the government. I am sure Senator Simard would not argue that the policies of the government have no effect whatsoever on the service charges or the debt carrying charges, that they have no effect whatsoever on the interest rates that are paid on the public debt.

● (1500)

We know that the Minister of Finance has had his projections destroyed because of increased interest rates as a result of the monetary policy which he himself decided to follow. I have, on previous occasions, talked about the high interest rate policy which began in 1988, which has only recently abated and which, during its life, contributed greatly to the exorbitant interest charges on the public debt. That, in turn, exacerbated the debt and the deficit and it has to be factored in in any analysis rather than relying on the simplistic propagandistic table in the budget papers to which I have just referred. Take a look at the high interest policy and ask what impact it has had on the accumulation of the public debt. Tell me it has had none and you will find a disbeliever.

Finally, still looking at the government's financial requirements, I should point out that until 1984-85 foreign exchange transactions tended to reduce the government's financial requirements while they have very significantly increased these financial requirements since 1986-87. The cumulative increase, since 1986-87 due to foreign exchange transactions up to the end of the financial year 1990-91, is $24.8 billion. That is not a small amount, and I note that a $3 billion contingency to manage foreign exchange transactions is being sought by the government for 1992-93.

I would ask Senator Simard whether he has taken this into account and whether he can tell us whether the government borrowing requirements have been significantly affected by its management of foreign exchange transactions over the last five years. That is another factor that has to be brought to mind.

Let me look at another aspect of government policy which has exacerbated the deficit and the debt. Unfortunately, the Minister of Finance rarely recognizes the role of economic growth in helping to balance the budget. By Senator Simard's own admission, the economic slowdown results in reduced levels of tax revenue which in turn increase the deficit. I might

remind honourable members—and I have dealt with this before in the Senate—that the economic slowdown was induced by the government in the second quarter of 1990 in the pursuit of its policies. It induced the economic slowdown a full year before the onset of the current world-wide recession. People have forgotten that we were in recession a year before Europe was, except for the United Kingdom. That was the reality. The Minister of Finance is prone to say that this is a world-wide recession. It may be now. It was not at the beginning. That has had a very definite effect on these quantities that we are talking about at the present time.

I do not know the point of going back eight years to dredge up the debt, which we know existed, as an explanation to cover up all these other matters which were under the direct management and control of the government.

Senator Simard: I have a couple of good reasons.

Senator MacEachen: They seem incapable of saying, "Yes, this is our responsibility. We have been in charge for eight years; we knew what we were doing and we take responsibility; it occurred because of this." In its budget papers the Department of Finance has pinned all this debt on the former government. Well, who cares? The public knows. The people are perfectly aware. Polls taken by the government itself indicate that the public is satisfied that the current economic situation is in the hands of the government, and the public holds the government responsible for that.

Senator Simard: They should not be allowed to forget what took place before 1984.

Senator MacEachen: Honourable senators, when Senator Simard attempts his simplistic analysis of debt accumulation, I am sure he knows better. I am sure he is more sophisticated, and I am sure he is not taken in by the figures which he put on the record and the explanation for them.

Senator Simard: I take full responsibility for those figures.

Senator MacEachen: Absolutely. Then you will be able to explain this table, I hope.

I think it is worth recalling a bit of the history and reminding Senator Simard of the predictions versus the performance. Mr. Wilson's budget in May, 1985, predicted, in his "clear and realistic medium-term plan" that the budget deficit for 1990-91 would be about $16 billion. That was his projection, not mine, not Mr. Lalonde's, not Mr.Trudeau's. In 1991 it turned out to be $30.5 billion. The February 1990 budget prediction held that the deficit for 1991-92 would be $26.8 billion. It will turn out to be $31.4 billion according to the budget tabled last February.

As I said earlier, the projections are always better than the performance. The figures for the future are better than those for the past and the present.

In his first budget in February 1992, the present Minister of Finance revised Mr. Wilson's 1991 predictions for a deficit of

[Senator MacEachen.]

$6.5 billion in 1996. Mr. Mazankowski predicts a deficit of $8.5 billion.

I regard these projections with a certain amount of scepticism because of the probability that the circumstances will change and that unforeseen developments will take place that will disturb the projections of even the best meaning Minister of Finance.

Mr. Mazankowski, for example, said in the House of Commons:

> I should say that if we had followed the same policy course that was prevalent prior to 1984-85 and into the year 1984-85, had we done nothing, we would be looking at a deficit today of something on the order of $100 billion. That would be very, very serious.

● (1510)

Mr. Wilson, speaking in 1984 in the House of Commons, said that even with high interest rates, if we followed the present course, the federal government deficit would continue to increase and could reach $50 billion per year by the year 1990. Mr. Wilson, in 1984, said that it would be $50 billion, and Mr. Mazankowski said last year it would be $100 billion. How can you pay much attention to projections of that kind? How can we have confidence?

Senator Simard: I will let you know.

Senator MacEachen: Honourable senators, I have asked quite a number of questions. They are mostly factual, but I must come back to the world of reality and ask the Senate whether it is realistic, sensible or even fair for the Minister of Finance or Senator Simard to construct a criticism or to construct an explanation of performance on the expectation that Canada should have had absolutely no public debt in 1984-85, given that we had experienced a deep and sharp recession, falling revenues, and increasing expenditures for a lot of reasons? We had a public debt partly because of that and partly because of other reasons.

Does Senator Simard know of any industrialized country in the world that emerged from the 1981-82 recession without a substantial public debt and without having increased the public debt? Even the neoconservative models of President Reagan and Margaret Thatcher, followed by Prime Minister Mulroney, had substantial public debt in 1984-85.

The Minister of Finance says in his budget, "Understand my problem: We have had a recession; we have had to increase expenditures to help those who need help." How true it is!

The explosion, for example, in the payments under the Canada Assistance Plan in the provinces encouraged the government to decrease the rate of increase. Ontario itself had to face extraordinary new burdens because of payments under the Canada Assistance Plan alone. Why? Because of the recession. And it is true.

The Minister of Finance said, "Understand the problem I have had." But when he goes back to the past, he says, "Well,

we were entitled to have a debt-free Canada in 1984-85." That is totally unrealistic. If we conduct a debate on our public finances on this basis, then we are subjecting the debate to ridicule.

In trying to get some clarification of it, I showed this table to a very knowledgeable person who has followed public finance for years. I said, "Have you seen this?" He said "Yes, it is nonsense, and I put it to one side." And it is nonsense.

Honourable senators, I hope that we can get down to the realities rather than producing a table of this kind which is based on an expectation that Canada ought to have had no public debt in 1984-85 —

Senator Simard: That is not what we are saying at all. Come on now!

Senator MacEachen: —and that any addition to that public debt in the succeeding eight years has absolutely no relationship to government policy, government programs, or changing economic conditions, but must be totally attributed to what prevailed in 1984-85.

I do not think it reflects favourably on the level of debate to push this too far, but we can continue this, if we wish, in committee and at third reading, because it is worthy of a more profound examination than was given in the earlier statement by Senator Simard.

Some Hon. Senators: Hear, hear!

Hon. Douglas D. Everett: Honourable senators, I suppose it is possible to take the level of the deficit in 1984-85, apply the appropriate interest factors to it and, through compounding, come to the conclusion that the debt of today and the growth from that period to this period is due purely and simply to the debt that existed at that time. You could do that with a number of elements in the deficit that would one way or the other make up the debt over a period of time. It seems to me, however, that it begs the question.

The fact of the matter is that the debt of some $484 billion exists. The job that faces any government is to determine how that can be reduced. I personally favour the Debt Servicing and Reduction Account, which would channel the GST revenues and revenues from privatization and donations to the reduction of the debt. In one sense, it is an accounting entry and nothing more, because, if that revenue goes to that fund, and that fund goes to reduce the deficit, that revenue does not go to the deficit directly, but the fact of the matter is that, in any accounting regimen, it indicates more clearly what is happening to the revenues from the GST, and it illuminates the concept that the deficit and debt should be reduced.

Senator MacEachen raises a very interesting point; that is, not that you can attribute the increase in the debt to compound interest, but that you can attribute it to government policy, and most especially the policy of the central bank.

We have achieved in Canada an inflation rate that is almost nonexistent. We have achieved it at a great cost to our economy. Whether we were right or wrong in the way we moved in that direction, I do not know; but I do know that it was necessary to bring inflation under control, and stringent monetary action had to be taken and was taken.

That situation has caused a tremendous loss of jobs and loss of production throughout Canada. The time has come, surely, to rectify that situation. As Senator Roblin said, if there was a war against inflation, that war has been won.

● (1520)

Now comes the time to start to expand the economy, because that is the only way, in a non-inflationary environment, that you will reduce the deficit. Our spread of interest rates between here and the United States, our main trading partner, is far too large. The Canadian dollar exceeds parity pricing between here and the United States.

You see a lot of comment today on the reduction of productivity within Canada. A good deal of that productivity loss is due to the difference in the exchange rate between the two countries. The time has come to lower that exchange rate and to move our pricing down to parity pricing. We now have to get the economy moving. The governor of the Bank of Canada must be told by the Minister of Finance, who has the ultimate responsibility for monetary policy as well as fiscal policy, that actions must be taken, not to administer interest rates but to increase the aggregates of monetary policy and to put more money to work in the economy, which will have the effect of lowering short-term interest rates, lowering the exchange rate and increasing the revenues to the central government.

Those increases can be taken today, in my judgment and in the judgment of many other people, without inflationary consequences. If that were done, then you would have a reduction of the deficit. That is the only hope. We are now allowing a stringent monetary policy to do far too much damage to this economy. It must be changed. The governor must be told.

Concerning "the level of the dollar", the governor says that "We allow the dollar to find its own level; we do not interfere". But the fact of the matter is that every time the dollar drops there is a massive move to buttress it by foreign exchange transactions and increases in interest rates. The Governor does care where the Canadian dollar is. That more than anything is the central focus of his policy. It must now change. Maybe I should not criticize his past policy—although I have criticized parts of it—because it has had the effect of reducing inflation, but the time has come for the government to change that policy and to allow the Canadian economy to grow and to expand.

Hon. Jean-Maurice Simard: Honourable senators —

The Hon. the Speaker *pro tempore:* I wish to inform honourable senators that, if the Honourable Senator Simard speaks now, his speech will have the effect of closing the debate on the motion for second reading of this bill.

[*Translation*]

Hon. Jean-Maurice Simard: Honourable senators, all I want to say is that in a few moments I will suggest that Bill C-21 be referred to the Committee on National Finance.

I want to thank Senator MacEachen and Senator Everett for their interesting contribution, as usual. Since I was out of the Chamber when Senator MacEachen began his reply, I will have to refer to today's *Hansard*. No doubt I will have some answers for him in turn.

Officials, experts and others on the National Finance Committee can thoroughly question the bill's provisions and provide answers. That is about all I want to say now.

[*English*]

In closing, I should hope that Senator MacEachen will not advise everyone to put aside this budget speech, or a schedule of the budget. Whether it is the one dealing with the growth of this $200 billion, the document, the whole speech, the principles and the figures are important enough that they should be given close scrutiny. It will be our job to give a better understanding, if that is what is needed, to Senator MacEachen regarding the value of our argument.

I agree with Senator MacEachen that what has taken place since 1984 has had an effect on the deficit. Government policies and programs, some of which were consistently fought by the opposition, and legislation, as well as external events beyond the control of this government, have influenced the size of the deficit during the last eight years. But one cannot isolate or forget the fact that, yes, this government inherited a debt of $200 billion—and it certainly inherited a structure of programs, some of which this government has felt necessary to do away with or change.

Having sat in this place since 1985, I remember when the opposition—that is, Senators Frith, MacEachen and others —fought tooth and nail to make sure that Canada did not get out or did not try to get out of this mess and reduce the appetites of people and the deficit. We take full responsibility for what has taken place since 1984.

Senator Frith: Good.

Senator Simard: But Canadians should not forget—and this is where Senator MacEachen and I disagree at times — that the people who created that mess up until 1984, and left us and Canadians with this debt and many problems, are the same Liberal Parliamentarians who, since 1985, have failed to tell Canadians where they stand or what they offer as alternatives for programs that are being reviewed, modified or replaced by the present government. Since 1985 they have failed to tell Canadians what they would change and have failed to give support to changes that we on this side have proposed. Moreover, Canadians should not be allowed to forget that interest rates in 1982-83 were at 18 and 20 per cent.

● (1530)

As Senator Everett has said, the government had to take steps, and did, to come up with measures to ensure that inflation did not get out of control. That in turn created, yes, some plant closures and what have you, and a reduced rate of growth in the economy. However, in committee and at third reading I shall try to set Senator MacEachen's mind at rest by giving him my answers to his questions as well as the answers of the government.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, before the vote is called, I should like to make our position very clear. Normally I would call for a recorded vote on this bill, but it is in fact such a useless bill, total window dressing, that I will not even give it that credibility and I shall simply be calling for a "no vote", on division.

Senator Haidasz: Agreed.

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

Some Hon. Senators: Yes.

Some Hon. Senators: No.

The Hon. the Speaker *pro tempore:* Will those honourable senators in favour of the motion please say "yea"?

Some Hon. Senators: Yea.

The Hon. the Speaker *pro tempore:* Will those honourable senators against the motion please say "nay"?

Some Hon. Senators: Nay.

Senator Molgat: On division.

The Hon. the Speaker: *pro tempore:* In my opinion the "yeas" have it.

Motion agreed to and bill read second time, on division.

REFERRED TO COMMITTEE

The Hon. the Speaker *pro tempore:* When shall this bill be read the third time?

Hon. Jean-Maurice Simard: Honourable senators, I move that this bill be referred to the Standing Senate Committee on National Finance.

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

Motion agreed to and bill referred to the Standing Senate Committee on National Finance.

[*Translation*]

BANKING, TRADE AND COMMERCE

TWELFTH REPORT OF COMMITTEE CONSIDERED—DEBATE ADJOURNED

The Senate proceeded to consideration of the twelfth report of the Standing Senate Committee on Banking, Trade and Commerce (draft regulations re financial institutions—interim report), presented in the Senate on May 5, 1992.

Hon. Jean-Marie Poitras: Honourable senators, I address this House today to present the interim report of the Standing Senate Committee on Banking, Trade and Commerce with respect to certain provisions of the regulations arising from the new legislation to reform Canadian financial institutions.

I addressed this House on December 12, 1991 on behalf of the Standing Senate Committee on Banking, Trade and Commerce to present the reports on the legislative provisions governing banks, insurance companies, trust and loan companies and cooperative credit associations. When the Minister of State for Finance appeared before our committee, he discussed these new provisions and said that he would be pleased to hear the committee's comments on certain key regulations arising out of the legislative framework that had been adopted and that he would have no objection if the Senate committee helped him draw up these regulations.

Pleased with this show of confidence, the committee got down to it and went to work on some regulations, namely those that were the most discussed or the most contentious and those that were criticized by the various groups consulted. The regulations concerning insurance operations, joint venturing, affiliated directors, demutualization of insurance companies, use of confidential information and issues related to federal-provincial harmonization were dealt with. The cooperation of the Department of Finance helped speed the committee's work and ensure that the achievement of the June 1 target date for the implementation of the financial institution legislative reform package would not be affected.

The Standing Senate Committee on Banking, Trade and Commerce held public hearings on Tuesday, March 17; Monday, March 23; Tuesday, March 24 and Friday, April 24. It gave priority to the regulations that are essential for the promulgation of the whole legislative reform package, that is the actual implementation of the four bills that we approved last December. The hearings dealt with all these regulations, except those on demutualization and confidentiality that will take place a little later in May. In addition, the hearings on the important issue of privacy require consultation in keeping with the size of the problem. These particular regulations are not needed for the legislation to take effect.

In other words, for the laws to take effect, some regulations must be issued and implemented immediately, although regulations on other parts of this legislation can wait till a later stage. The committee has already begun its hearings on this question; however, it intends to hold more hearings in order to fulfil its mandate as it should. The issue of privacy concerns all Canadians. It is quite important for our fellow citizens and for us to be sure that any information we give on ourselves, our past, our abilities or anything that may have been said about us is kept under control.

At the present time, there is no control on the flow of information, either inside or outside the country. We believe this is an important issue and that everyone should have a chance to air their views on the subject.

Throughout its proceedings, the committee has tried to bear in mind that changes must be implemented gradually and should not upset the dynamics of our financial institutions, since otherwise the consumer will suffer. In fact, the consumer will also have to adapt to the new provisions and find out what his rights and obligations are in the various sectors. At this stage, it would be appropriate to mention the main objectives supported by the Organization for Economic Co-operation and Development, commonly referred to as the OECD, an international organization that covers the entire financial system. Its objectives are to promote competition and protect the consumer. These objectives are reflected in the changes we have made here in Canada.

We see this, for instance, in the regulations on affiliated directors. Affiliated directors are directors who have a special interest that might restrict their ability to look at a problem objectively and thus impair their judgment. The committee wanted to minimize potential conflicts of interest among members of a board of directors, and this is a way to protect the consumer and protect the stability of financial institutions. The concept of affiliated director does not exist anywhere else, so we could say Canada is breaking new ground.

I would now like to comment on the regulations for joint ventures, the usual term used in English. Formerly, companies were allowed to invest not more than 10 per cent of their assets in joint ventures in lines of business related to financial activities. There was a very clear distinction between minority and majority investments. The new legislation allows investments that, although they may not provide a controlling interest, are above the present maximum. In fact, the Superintendent of Financial Institutions has the discretionary power to approve such investments and to require that undertakings be sufficient to ensure the continued solvency of companies.

Financial institutions can make strategic alliances with the help of minority investments. These alliances make it possible for institutions in one financial sector to penetrate other sectors, both in Canada and abroad. Europeans have used this approach with tremendous success. Strategic alliances are critical because of the improved access to capital and expertise. They provide companies with the flexibility to enter and learn new and different businesses.

In addition, in many cases it is the only way to enter some foreign markets because of the limitations on foreign ownership. For instance, a Canadian company that does business in Indonesia, where foreign ownership is limited to 30 per cent, will never be able to acquire a controlling interest. In the past,

this was not allowed, or at least not to any extent. A cap of 5 per cent, as suggested by the Superintendent of Financial Institutions, is simply unrealistic in today's world. A five per cent interest in a company does not confer any power or right of scrutiny or authority to add or include the company's surplus abroad. Some institutions in this country are already above that limit. This means they will not be able to make further investments.

Our committee believes that an aggregate limit of 10 per cent regulatory capital on non-control investments is more appropriate, especially since investments beyond this limit could still be made, subject to the approval of the minister. In other words, when the minister feels it is appropriate to expand this provision, Canadian investors will acquire additional flexibility. The committee also believes that certain issues of particular interest to the provinces should be examined. Harmonization of federal and provincial regulatory policies is one of the reform's objectives. The committee is aware that consultation is necessary to resolve jurisdictional issues that may arise in a number of areas, including the security activities of financial institutions and minimum capital requirements.

I think it would be appropriate at this point to comment on underwriting by deposit-taking institutions, a subject that raised considerable concern. The regulations must provide the details of insurance activities and of the relations between deposit-taking institutions and insurance companies, agents or brokers.

The committee tried to come up with a realistic form that takes into account the possibilities of information transfer between deposit-taking institutions and their subsidiaries, without upsetting the current competitive balance; in other words, that takes into account the activities that various types of institutions may and may not engage in at the present time. In its analysis, the committee considered various schools of thought in an attempt to identify approaches that were equitable.

Policies differ widely in France, Germany, the United States and Canada. There are as many different provisions or approaches as there are countries. This is something we cannot ignore, but we must also consider our own requirements.

From now on, financial institutions will be able to expand their range of services. However, on the crucial issue of the flow of information between banks and insurance companies, agents or brokers, no specific policy has been agreed on. The on-going debate over this issue, with Finance clearly playing an active role, was an indication that no firm decision had been made, while two contradictory views were advanced at the time.

The committee considers it would not be in keeping with the spirit of this reform to issue regulations that would allow deposit-taking institutions to set up insurance networks. The committee is therefore in favour of a restrictive approach. It

[Senator Poitras.]

believes this would limit abusive practices and enable all players in the financial services sector to adjust gradually to the new legislation, which is in the interests of all concerned.

The new legislation has introduced a fundamental change in the ability of financial institutions to operate in a variety of areas, namely by allowing them to acquire and establish subsidiaries operating in another financial sector. For instance, at the present time we have the so-called four pillars: banks, insurance companies, trust companies and credit unions. In future, any of these will be able to acquire a subsidiary in another sector, but will have to do business in that sector through its subsidiary. I am about to conclude my remarks.

It is important that financial institutions in Canada have access to new opportunities to expand and diversify that will enable them to succeed in the extremely competitive global financial markets within which they operate. When opening business offices abroad, our financial institutions must be released from the domestic constraints imposed in this country. It is important that the regulations not place these financial institutions in a strait-jacket that will impede innovation and place them at a competitive disadvantage.

On the other hand, the soundness of the financial framework in Canada must never be jeopardized. The changes must proceed in an orderly fashion so that the overall system can adapt. The new legislation has made a giant leap forward. The new regulations must ensure that the changes to come can be absorbed by the system with no serious impact on its overall soundness.

Honourable senators, it is with this perspective in mind that the committee submits its twelfth interim report, and it is the same perspective in which it will examine future regulations. The committee will shortly finish its study of the regulations concerning demutualization and the use of confidential information. I will then have the privilege once again of rising in this Chamber to table the committee's latest reports on the reform of financial institutions.

Thank you, honourable senators.

● (1550)

[*English*]

Hon. Michael Kirby: Honourable senators, in rising to comment on the Twelfth Report of the Standing Senate Committee on Banking, Trade and Commerce and to enlarge a little bit on the remarks of Senator Poitras, I intend to deal with two or three specific issues the committee addressed in this report.

By way of background, some of you will recall, as Senator Poitras has said in his remarks and as we both mentioned in this chamber when the bills were passed at the end of last year, the minister had asked the committee to do a rare thing, and in fact, to the best of our knowledge, perhaps a unique thing: He asked the committee to hold public hearings on the draft regulations before they had the force of law.

The minister did this only with the committee in the Senate. He did not put the regulations to any committee in the other place. I think it is fair to say he did this because the financial services industry and the government value the kind of debate which takes place at our committee hearings and the input which can come from these hearings.

The other benefit one might note is that the two issues which are covered in this report and on which I will say a few words are, in fact, fairly controversial issues from the government's point of view. Therefore, from the government's point of view, there was some advantage in holding hearings and having the Senate committee take a position. It is my understanding the government intends to adopt our position almost in its entirety.

Let me comment on the two controversial issues on which the committee discussed and heard most of its evidence. The first issue deals with the extent to which banks are to be allowed to get into "the business of insurance," to use the terminology of the act. It is kind of interesting. The act says up front there will be a collapse of the four pillars, thereby presumably implying, at least indirectly, that banks will be allowed to get into insurance. It then proceeds to explicitly state that there are a number of insurance-related activities which banks cannot get into, specifically activities relating to networking and using the branch structure as a means of retailing insurance. The act itself is silent on what constitutes "the business of insurance" other than to specifically outlaw the use of the branch network as a distribution system.

The challenge to the government, which the government then in turn put to the committee, was to attempt to define in regulatory form what Parliament meant when both the House of Commons and the Senate passed these bills last December—bills which contained the phrase saying that banks could not get into "the business of insurance."

The evidence before the committee was not very consistent. The banks, on the one hand, argued that getting into "the business of insurance" meant the only thing fundamentally they could not do was sell insurance through branches. They had a few other modest restrictions, but that was their basic position. The insurance industry, on the other hand, argued that there was no way in which any information could go from a bank to an insurance company, even though the act explicitly allows a bank to have an insurance company subsidiary.

The evidence before the committee showed reasonably clearly that it is very difficult to draw a line saying certain kinds of information can be passed from a bank to an insurance company without, in effect, upsetting the competitive balance that exists among companies now in the insurance business. The expensive part of marketing is finding good prospects. Having to do a mass-marketing approach in order to find a handful of truly potential customers is very expensive. The bank could enable its insurance company to reduce that marketing cost by giving the insurance company targeted lists of potential customers. You can target a market to the extent that information provided by a bank to its insurance subsidiary enables that subsidiary to ferret out good prospects inexpensively.

The committee's view was twofold: First, that clearly violated the provision in the act which said that banks should not be allowed to network insurance. Second, it clearly affected the competitive balance between insurance companies, since those which were owned by banks would have an information base that would be significantly better than those which were not owned by banks. Therefore, the committee was left with the dilemma of trying to decide whether or not the passage of any information could, in fact, upset the competitive balance which the acts, as they were put through last December, were explicitly designed to protect.

The net result was that the committee decided to recommend in this report, in terms of the regulations, that no information should be allowed to pass from the bank to an insurance subsidiary about the bank's customers. The simple reason for that is it is our view that the passage of almost any information, in effect, constitutes networking in one form or another. This particular issue was highly controversial in the committee hearings, and I suspect it will be highly controversial when the government issues its own regulations. As I said, I am led to believe those regulations will fairly closely parallel what this committee recommended.

Those regulations will, in fact, cause some difficulty for the banking industry. They will feel, in a sense, that the regulations are slanted against them. My response to that, and I think it is important for this chamber to understand, is two-fold:

First of all, this chamber twice recommended that banks be allowed to network in insurance, once in a report in 1985 and again in a report in 1989. That was the unanimous position of the Banking, Trade, and Commerce committee for five or six years. The fact of the matter is that, in designing the balance which went into the four bills which were passed last December, the committee essentially tried to treat the four pillars reasonably equally. Each got some things they wanted; each got some things they did not want, and, more importantly, a competitive balance was kept among the four. Those bills explicitly outlawed networking. To that extent, those bills went against the recommendation of this committee twice in the past.

Faced with that problem, and even though the committee was in favour of the principle of networking, clearly our responsibility was to ensure that the regulations to be passed by the government in fact reflect what is in the act as opposed to reflecting a policy which we would have preferred. That is to say, it seemed clear to the committee that one could not use the regulatory approach to allow things to happen which the act clearly had intended would not happen.

It is for that reason that many of us who favour perhaps even a more complete collapse of the four pillars than now exists nevertheless felt compelled to support regulations barring the transfer of any information in order to ensure those

regulations were consistent with the spirit and, indeed, the letter of the act.

A second comment I would make on the information issue, because it deals with a subject that our committee will be studying starting very shortly, is the issue of privacy. The information which a bank collects on an individual is sensitive. Many people consider conversations with bank managers as not significantly different, in terms of secrecy and confidentiality, from conversations they might have with lawyers, doctors or priests. Thus, there is an important public policy question on the issue of how and under what circumstances information an individual gives to a bank may be passed to others, even if those others happen to be companies which are subsidiaries of the bank.

● (1600)

That issue is a sensitive one to consumers of all kinds. It is an issue with respect to which the government will need to bring in some regulations. Our committee has agreed to hold hearings on the matter in the coming weeks to flesh out what an appropriate set of regulations might be. We are looking to regulations which balance consumer and privacy protection interests of individual Canadians with not tying the hands of our large financial institutions. I suspect that we will report to the house on this matter before we rise for the summer.

The second main issue covered in this report deals with another controversial issue that originated in this chamber in a report of the Banking, Trade and Commerce Committee under the chairmanship of Senator Ian Sinclair. In 1985, we recommended to the government in our eighth report that new conditions be put into the Bank Act to define exactly what is meant by the term "independent director". In the last six years that term has evolved from "independent director" to "affiliated director". The report deals with the question of "affiliated director". Most honourable senators who are familiar with business terms would think of it in the context of an "independent director".

The question asked was this: Should there be any limit or any requirement that a financial institution have a fixed percentage or a minimum number of independent or unaffiliated directors? If so, how should the term "unaffiliated director" be defined?

The issue arose in the 1985 report of the committee when we were looking at the Bank Act revisions for the following reason. The committee decided to recommend that the government continue the policy that had existed in this country for a long time, namely, that banks must be widely held. That is the so-called 10 per cent rule, which says that no single individual can own more than 10 per cent of a bank.

In 1985, the committee's view was that there should be put in place a 10 per cent rule to ensure the widely held ownership of a bank. In so doing, it ensured that a bank would always be under the control of management. That is to say, the board of directors would always be selected by the existing CEO, since it would be impossible for a group of shareholders to make a significant change in the board because of the 10 per cent rule.

[Senator Kirby.]

In turn, that led the committee to say that in order to ensure that the board of directors is genuinely independent and not simply the captive of bank management, it is in the public interest to have one-half the directors on a bank board truly independent of the bank. I say "bank" here because at that time we were dealing only with the Bank Act.

We made such a recommendation. Subsequently, it appeared in a slightly modified form in the acts which were passed in this house last December. The basic change was that the number was reduced from one-half of the board members to one-third of the board members. It was extended to include all financial institutions, not just banks or widely held companies.

That begs the question of what constitutes an independent director. We had an interesting discussion of this subject in committee. In their briefs the banks suggested that a director is independent so long as his loans are in good standing with the bank. In other words, one could owe the bank hundreds of millions of dollars, but, provided the interest is being paid, one is independent.

It struck those of us who had gone through the 1985 hearings that this was a long way from the concept of "independent" that we held. At the time our concern was that not only must a director be independent, but there must be a public perception of his independence. We suspected that it would be difficult to convince the average person on the street that, if one is an officer of a company that owes a bank several hundred million dollars, one is truly independent of that bank and of the wishes of the members of its board.

We recognized that perception is as important as reality. There was no suggestion at any of the committee hearings, going back to 1985, that bank board members had not operated in the interests of their shareholders. What has been an issue is that, in evolving public policy and debate over what constitutes conflict of interest, perception is an extremely important part of that area of law. In fact, a joint committee of the House of Commons and the Senate is now looking at that specific question as it concerns parliamentarians.

In considering the question of what constitutes independence or an unaffiliated director, our view as a committee was that, if an individual, either personally or as an officer of a corporation, is beholden in any significant amount to a financial institution, then that individual is not truly independent and unaffiliated. Therefore, that individual would have to count as an affiliated director. He could still sit on the board but he could not be counted in that one-third of directors who are unaffiliated.

In my view the recommendation in this report is a stringent one. I realize that a number of financial institutions will complain that we are being too stringent. I should tell honourable senators that one of the complaints they will hear is that our

restrictions create a problem because there are not enough qualified people to sit on bank boards. Those of you who were here a decade ago may remember a bank chairman, when asked why there were no women on his board, commenting that he would love to have women on the board, but there were not any sufficiently qualified women to sit on it. I point that out because the argument that there are not enough qualified people is a relatively spurious one. I think it is regarded as such by members of the current committee, just as it was by members of the committee in 1985 and 1989.

What we have tried to include in our recommendation is a tough test. We understand it is a tough test. It is not an accident that it is a tough test. It is a test designed to ensure that a financial institution which takes individuals' deposits, and to that extent has a safe-keeping role, has on its board a significant number of people who would have no difficulty in speaking up in the best interests of all the shareholders of that company.

This tough test means that, if one has even reasonably large personal loans, or sizeable corporate loans and is an officer of the corporation, then one cannot be regarded as independent. Incidentally, since there are a number of members of other professions in this chamber, if one is a member of the legal profession in a firm that does a significant amount of business with a bank, then under those circumstances one cannot be regarded as independent either. It is conceivable that a bank could—and I am not saying that one would or ever has—exercise considerable leverage over you. Therefore, it is our view that, if the public interest is to be served and the public perception of independence is to be achieved, it is important that these conditions be passed.

• (1610)

Honourable senators, those are the two main topics covered in this report. I went into some detail because I suspect there will be significant commentary on them in the professional and the business press.

As Senator Poitras said in his opening remarks, we will be returning shortly to a continuation of hearings on regulations. As we complete our consideration on various pieces of them, we will be reporting back to this chamber. The next area we deal with will be demutualization of insurance companies. How do they move from being a mutual company to an equity company? This is a complex problem but one which is increasingly being faced by large mutual companies which are finding it very difficult, if not impossible, to gain access to new sources of capital unless they can become an equity-based, share-based company.

The second issue which I think will attract considerable attention, not only from the business community but from the consumers' association and a variety of other public interest bodies, will be the issue of privacy. What is the nature of information passed from an individual to a bank manager or to a representative of a bank? How does one ensure that adequate information is given to the financial institution for both business and competitive reasons on the one hand and, on the other, how do you ensure the privacy of that information and that kind of dialogue which is clearly desired by Canadian consumers and, indeed, expected by them?

Therefore, honourable senators, we will be returning to those two issues between now and the end of June. In the meantime, I would urge passage of this report.

On motion of Senator Bosa, debate adjourned.

[*Translation*]

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

SEVENTEENTH REPORT OF COMMITTEE ADOPTED

The Senate proceeded to consideration of the seventeenth report of the Standing Committee on Internal Economy, Budgets and Administration (budget—Social Affairs, Science and Technology), presented in the Senate on May 5, 1992.

Hon. Thérèse Lavoie-Roux: Honourable senators, I move the adoption of the seventeenth report of the Standing Committee on Internal Economy, Budgets and Administration.

Motion agreed to and report adopted.

EIGHTEENTH REPORT OF COMMITTEE ADOPTED

The Senate proceeded to consideration of the eighteenth report of the Standing Committee on Internal Economy, Budgets and Administration (first class travel), presented in the Senate on May 5, 1992.

Hon. Thérèse Lavoie-Roux: Honourable senators, I move the adoption of the eighteenth report of the Standing Committee on Internal Economy, Budgets and Administration.

Motion agreed to and report adopted.

[*English*]

FISHERIES

FOREIGN OVERFISHING—DEPLETION OF NORTHERN COD STOCKS—DEBATE ADJOURNED

On the Order:

> Resuming the debate on the inquiry of the Honourable Senator Marshall, calling the attention of the Senate to the report of the Standing Senate Committee on Fisheries: The Marketing of Fish in Canada "East Coast Fisheries", dated December 1989; and specifically as it relates to the recommendations applicable to the present state of the fish stocks due to foreign overfishing.—(*Honourable Senator Thériault*).

Hon. B. Alasdair Graham: Honourable senators, we have heard much debate on the near-destruction of the northern cod fishery. We have heard figures cited that attest to the fact that ecological disaster looms in ocean waters off Atlantic Canada. We all know that extinction of a once-bountiful resource will eliminate thousands of jobs in Atlantic Canada with a devastating impact on Newfoundland and Labrador. Some of our

more reflective citizens understand this to be another assault on our global commons.

It is, of course, contemporary conceptions of international law which dictate that the Exclusive Economic Zone extends only 200 miles offshore. The natural ecosystem of our vast continental shelf is arbitrarily ruptured by such conceptions. Stocks of migrating cod, turbot and flatfish which inhabit the well-known Nose and Tail of the Grand Banks straddle this artificial divide.

Many scientists believe the spawning stock biomass concentrated outside present jurisdictional lines are subject to imminent destruction, thereby threatening the entire northern cod stock. Contemporary international law does not provide us with a balance between flag-state liberty and the rights of coastal state jurisdiction over such straddling stocks. It is as though a page were missing in the vital subject matter of fisheries jurisdiction. We find ourselves in the unlikely position of an author, unable or unwilling to write the final page.

Our present government seems an unlikely source of such authorship. At present they pursue diplomatic avenues as a last resort before unilateral action. We see no reason to believe any real success will come of this. We witness innumerable visits to North Atlantic Fisheries Organization members, for example, in preparation for special meetings on the issues, some of which I understand will begin next week in Dartmouth, Nova Scotia.

We have traditionally lauded our unique Canadian talents at multilateral diplomacy. I do not mean to denigrate such activities, but I think we all have to be persuaded by the reality that NAFO is a fundamentally flawed organization and that its overhaul will require extensive revision. For example, a clear definition of "overfishing" is yet to be established. There is a lack of any reciprocal enforcement mechanism. The well-known "objection" provisions of Article XII of the NAFO Convention inhibit legitimate conservation measures. And I could go on.

The point is, honourable senators, that such a revision requires not only lengthy talks—involving time that we do not have—but also it requires a spirit of compromise, a collective will to move to such revision. The lack of such a spirit is demonstrated in the attitude of the European Community and, of course, the perennially most aggressive nations in this regard, the nations of Spain and Portugal.

The government tells us that a unilateral approach must be resisted because of our commitment to the rule of international law. We have other areas of multilateral activity, we are told, which could lead to solutions. As an alternative to dealing with NAFO, we can submit a case to councils of international arbitration with recourse to dispute settlement provisions contained in Articles 286 to 296 of the 1982 Convention on the Law of the Sea.

We could argue that grave breaches of customary principles of state responsibility have occurred. Canada could do so in accordance with, for example, Principle 21 of the Stockholm Declaration on the Human Environment, on the grounds that overfishing on the high seas has caused injury to Canada and that such violations demand compensation from the flag state to the injured state.

[Senator Graham.]

The point is that we do have a number of legal options. The fact that the Law of the Sea Convention is not yet in force, however, makes the provisions for such recourse rather tenuous.

While our commitment to international law is therefore unquestionable, the present ambiguity regarding even basic legal definitions—the weakness of the 1982 Law of the Sea Convention which, for example, includes a lack of the coastal state enforcement among many others—make this an unlikely arena in which to resolve our present impasse.

We are, honourable senators, witnesses to ecological disaster, to piracy of a central food supply, to assault on our global commons. Such piracy is being tolerated. We are told that our commitment to international law precludes immediate unilateral action. Such piracy cannot be tolerated. Our commitment to international law is precisely why we must take unilateral action.

The Law of the Sea is not a series of static commandments carved in stone. The Law of the Sea is a process, its norms the result of evolving practices of states. The history of the Law of the Sea shows changing notions and perceptions about the status of ocean resources, in many cases concepts based upon earlier assumptions and antiquated practices. For example, the idea that there is freedom of the high seas with unrestricted rights to fish is illustrative of an earlier time when migratory patterns of fish stocks were little understood, when there was no basic urgency to formulate such understanding.

We need only look at the origins of the present, universally accepted concept of the 200 nautical mile EEZ. The well-known Truman Proclamation of 1945 established the idea of a protective, non-exclusive zone. That was followed by declarations from Central and South American countries relating to zones of conservation-based jurisdiction. The Chileans and the Peruvians were initiators of the limits set on such zones; limits of a minimum of 200 nautical miles from the coast. Clearly, such claims were central to the over-all evolution of our contemporary norms with regard to the EEZ.

There is an important lesson in all of this for Canada. The 200-mile limit was seen by those states as a reasonable limitation of the continental shelf because they were not possessors of shelves of any appreciable breadth. Canada's shelf is actually considered a rarity. For comparative purposes, we must remember that our continental shelf is one and a half times our land mass. That continental shelf was once a golden ecosystem—thriving, complex and abundant. It is now a plundered oceanic civilization. Its inhabitants have been arbitrarily divided by dated zoning conceptions conceived by nations whose interests do not coincide with ours. That they do not

coincide with the interests of the northern cod remains a testament to our folly; most importantly, to our refusal to take the first and most necessary step.

This is a great catastrophe, not just for Canadians in the Atlantic region, but for citizens of the global commons. We do not lack for visionary counsel in this regard. The World Commission on Environment and Development, chaired by Norway's Prime Minister Gro Brundtland, signalled the new demands faced by government in its observations that customary international law no longer serves pressing oceanic resource problems. The commission stated:

> "An international ecosystem approach is required for the management of these resources for sustained use".

In noting the array of barriers to a new approach, the report was adamant in its insistence that legal and institutional obstacles must be tackled head on. Law lagged behind the events. Legal regimes were being outdistanced by the universal laws of nature, to the peril of us all.

I would make the case that we as Canadians do have a commitment to international law, but not a sclerotic commitment to a static law. We have a commitment to its continuing life force, to the continuing evolution not only of its spirit but of its practice. Someone has to go first. One country has to take the first step. The evolution of norms is dependent on pathfinders. We cannot afford a role of scornful marginality.

Honourable senators, as sure as I am standing here, we will be condemned or we will be celebrated by future generations for the step that we take now. It will be the future generations of the global commons who will attest to our dynamism or lack of dynamism. They will wonder, if we fail now, why a brave, adventurous people took a first step to curb Arctic pollution, a step which served as a catalyst to global concern over the threat posed by supertankers to the Northwest Passage, to the fragile national balance of the Arctic regions. They will wonder why that nation faltered. They will wonder why that nation failed to envisage that the conservation of fish stocks meant an obligation to manage a vital ecosystem to increase the share for all.

The biblical wisdom inherent in the famous story about the loaves and fishes seems singularly appropriate as we debate our present course of action. We are faced with the uncooperative behaviour of the European Community through a form of international piracy. In my opinion, we have no alternative but to legislate a permanent extension of EEZ jurisdiction for the purposes of custodial management. At the very least, we must legislate a provisional extension until we have exacted an acceptable negotiated arrangement with the European Community.

We cannot fail to do less than tiny Iceland, which extended the fishery limits to 50 miles on September 1st, 1972. Honourable senators will recall that the parallels between our present problem and those faced by Iceland are remarkably similar. That state was presented with scientific proof that her fisheries were collapsing. In spite of submissions to the International Law Commission, in spite of her persistent representations at UNCLOS II talks, talks which failed to resolve the question of fisheries jurisdiction throughout the years of indecisiveness by Maritime countries in the wake of demonstrated overfishing by foreign fleets, honourable senators will recall that only after repeated attempts at diplomatic action did Iceland move to unilateral action.

Iceland took that first step. The cod wars with Britain were highly undesirable. Indeed, they were potentially dangerous as the Icelanders cut the fishing gear of offending nations—all this in the face of the British Navy which was dispatched to protect its fishing vessels. The Icelanders devised a fisheries conservation zone as a matter of self-protection. That first step, that almost unthinkable first move, and the resulting enforcement against a NATO ally, led to the progressive evolution of the international Law of the Sea. Only when we remember that unilateral action has always served as the central catalyst to the existing Law of the Sea, do we fully appreciate the significance of the precedent set by Iceland.

● (1630)

In explaining his country's actions, the then foreign minister of Iceland told a press conference at the time that the extension was essential, reasonable, natural, fair and just. I want to quote from that press conference:

> Essential, because the fish stocks in Icelandic waters are threatened with imminent ruin from overfishing by the world's distant water fleets;
>
> reasonable, because every state should have the right to utilize its own natural resources;
>
> natural, because the Continental Shelf, on which the 50-mile limit was based, is an integral part of the country's territory;
>
> fair, because the fish stocks were a natural resource in precisely the same way as oil beneath the seabed, and Iceland has no other natural resources to speak of;
>
> just, because only the states most concerned would effectively protect and conserve the fish stocks for the benefit of all in the absence of any agreed international law on fisheries limits.

I submit, honourable senators, that the tiny nation of Iceland wrote a new page in international fisheries law through the sheer audacity of its action. The international Law of the Sea is a volume in constant transition. Its authorship rests in the hands of maritime nations. A vital page remains to be written—many more will be demanded in the decades to come. Like the sea itself, the law that magnifies it churns and ebbs; its waters seethe with colour and with light and with darkness and with continuing controversy.

The law, like the sea, remains endlessly unexplored. It is essential, it is reasonable, it is natural, it is fair, and it is just that we author a vital new page in the continuing saga. Honourable senators, that first step is necessary; it is crucial for our future survival.

Hon. Senators: Hear, hear!

Hon. P. Derek Lewis: Honourable senators, on rising to speak on this inquiry, I would first like to congratulate Senator Marshall for raising this matter in this chamber and for the work that he and other members of the Standing Senate Committee on Fisheries did in preparing and presenting in 1989 its report entitled "The Marketing of Fish in Canada". It is a pity that government had not paid more heed to its representations.

I would also congratulate the previous speakers on this matter. They have clearly articulated the catastrophic problem facing the fisheries resources on the East Coast and for the suggestions they have made for its remedy. This is a problem which is not only of particular significance to the province of Newfoundland and other parts of Canada but also to humanity worldwide. I am particularly grateful to Senator Graham for the articulate way in which he has presented that situation today.

As a senator from Newfoundland, I have a particular interest in this matter. I must emphasize that the depletion of the fishery resources off the East Coast is threatening the very existence of my province, because if it is allowed to continue there is the real probability that all fishery resources in the area will be destroyed for all time.

Not only would this be comparable to, say, the closing of a single industry in one locality, which would be bad enough, but it would result in the extinction of a whole culture—the loss of the distinct Newfoundland society and lifestyle which has developed over the past several centuries.

It must be realized that the fishery was, as Senator Ottenheimer has said, the very raison d'être of Newfoundland. Settlement in Newfoundland was for no other reason than for the prosecution of the fishery. It was the reason that people came from across the Atlantic and settled in small, isolated coves and harbours, often in the most inhospitable surroundings. There, they built their homes, fishing establishments, churches, schools, and carried on their fishing activities. There, generation after generation flourished, sometimes in extreme hardship, and there is where they died and were buried. All this for the purpose of being near the fishing resources on which their very existence depended.

In describing this, Dr. Leslie Harris, in his 1990 report to the Minister of Fisheries, entitled *Independent Review of the State of the Northern Cod Stock*, said, at page 20:

> This demographic pattern, a nightmare to finance ministers and central planners, constituted the foundation of the Newfoundland socio-cultural experience and created lifestyles that have become the object of passionate adherence and inform a political consciousness that has not grown weak with time but rather, in recent decades, has witnessed a virtual renaissance. The personal and social values of hardihood, of endurance, of survival, of resilience, of neighbourliness, of sharing, of community, of independence, have become the immutable elements of a mystique that might almost be described as the cult of the unique and distinctive Newfoundland.

He went on to say at page 21 of his report:

> In short, if we contemplate over the long term the demise of the northern cod stocks, we contemplate the death of communities along the whole east and northeast coast of Newfoundland as we have known them. For the vast majority of the communities in question, northern cod was their only reason for existence, and northern cod remains the only substantial economic basis for their survival. And this is a simple statement of fact and not an argument pro or con.

Dr. Harris, of course, was primarily concerned with the state of the northern cod stock, but his prediction applies also, and to a wider extent, to the whole fishery resource. I say that because it is becoming apparent that all species of the fishery resource may be threatened. We are facing the destruction of the whole social, cultural and economic system of Newfoundland.

The question arises as to how we have come to this threatening situation. Well, if we look back, we find from studies done that prior to the 1950s there was for over a century a more or less steady annual catch of northern cod.

Dr. Harris in his study used an estimate for the area he was concerned with of an annual production of between 250,000 and 350,000 tonnes. However, in the period between the late 1960s and the early 1970s, this production peaked up to 800,000 tonnes. After that period, it crashed back to the previous levels. This high level appears to have been the result of the introduction of new technology and greater fishing effort, not only by Canadian interests, but also by foreign fleets.

Although total annual catches fell back to more traditional levels, it became apparent to all involved in the industry that the quantity of fish catches per producer were dropping off, and the sizes of fish caught were getting smaller.

In an effort to bring some order to the situation and to restrict the activities of foreign fleets, which were fishing right up to the Canadian coasts, the Canadian government in 1977 declared its 200-mile fishing management zone and started to impose regulation and quota controls on Canadian fishermen. This was followed by general euphoria in fishing circles, which only encouraged enlargement of the fishing effort by Canadian interests. With government encouragement and assistance, more and larger boats were built which could take the fishermen to more distant areas. A proliferation of fish processing plants was established and licensed with provincial government encouragement and financing, all leading to further demands on fishery resources.

It appears as though this era coincided with the greater development of the fishery for species other than cod, such as capelin, shrimp, crab and scallops. All of these species form part of the environmental system of the ocean, upon which all

species of ocean life depend, in that some of these species, for sustenance, require the presence of the other. It must be obvious, even for the casual observer, that anything that upsets the ecological regime of the ocean in such a way as to reduce the supply of adequate and accessible food supply for one species can affect the well-being of another species which relies on the former.

In view of the lack of scientific fact, we are left to speculate as to how the ban on the seal fishery is affecting the species upon which the seals exist. Are the enlarged seal herds decimating some form of marine life and thus denying them to other forms? Then again, we can only speculate as to how the actual fishing effort itself affects the ecosystem. Do some methods of fishing churn up the sea bed in such a way that it destroys some form of planktonic life upon which some species feed?

Nature in its bounty provides a balance that maintains itself as long as it is not disturbed in too great a fashion. There is probably a great deal of tolerance in the system which can permit a fair fishing effort. This the statistics of the past century would seem to indicate. But there is a limit. It would appear that the situation that we now find ourselves in indicates that the limit has been passed. We are reaping the result of mindless exploitation. We can only hope that it is not too late and that the ocean can regenerate itself.

There are those who would refute what I have said and suggest that the situation is probably more the result of natural changes and disasters in the marine environment. But these disasters and changes in environment have always been with us and may explain, in part, the slight changes in catch levels for short periods over a century of time. The fact remains, however, that those catch levels did maintain a fairly constant median over that period. Further, there is the evidence that catch levels of fish sizes have been falling off consistently over a period of a number of recent years. The conclusion can only be that this resulted possibly from a combination of the fishing effort and changes in the environment—either from natural causes or induced by the fishing activities themselves.

Under the Constitution the federal government has jurisdiction over fisheries, a jurisdiction it jealously reserves. But with that jurisdiction also comes responsibility. Hence, we must look at how these fisheries are being administered.

As I have said, following implementation of the extended jurisdictional 200-mile zone, the federal government did impose various regulations and controls. These controls, amongst others, took the form of quotas for various species, fishing zones and regulation of fishing methods. Unfortunately, these regulations appear to have been enacted in a vacuum by reason of the lack of meaningful and accurate scientific information and despite, or in rejection of, advice given by people familiar with the local scene. Then again, the controls may not have helped but, rather, may have exacerbated the situation. The government has even, on occasion, permitted foreign vessels to fish in Canadian fishing zones.

In any event, the proof of the lack of effective management of fish stocks off the East Coast by the federal government is well illustrated by the disastrous situation in which we now find ourselves. We are facing the virtual closing down of any meaningful fishery with the resultant loss of employment and the threat to the whole economic and cultural existence of Newfoundland.

As bad as the situation is with respect to the lack of management within our own 200-mile jurisdictional zone, we also have to consider what has been happening outside the zone. There we have fleets of ships from countries fishing in an obvious, uncontrolled manner, taking stocks of fish which usually migrate back and forth inside and outside our zone. Not only do they decimate these stocks but they do untold damage to the whole ecosystem of the ocean.

I will not detail the manner of this fishing or the uncontrolled methods which have been so ably described by previous speakers, except to say that it appears to be more than a question of overfishing their so-called quotas. It is also the damage they are doing to the whole marine life system.

There has been an emphasis placed by using the word "overfishing". What is probably meant by overfishing is ships taking more than their allotted quota of fish. The fact is that they are fishing and taking too many fish altogether.

This has to be dealt with. It is not sufficient for the federal government to control and almost shut down the fishery in our own zone unless effective control is imposed on fishing outside that zone. The government has to take meaningful steps to press for a successful conclusion of this matter before it is too late. Unfortunately, it appears that it is only in recent times that the government has come to realize how serious the problem is and has begun, belatedly, to take steps to deal with it.

In this respect it must be noted that our federal Minister of Fisheries is taking steps on the international scene to induce the foreign interest to reduce and control their fishing activities. Also, Premier Wells has engaged in a campaign to impress this need on the principal countries involved. These efforts must be continued until satisfactory policing can be achieved or, if necessary, imposed by Canada.

Honourable senators, the situation is desperate. Remedial steps must be taken immediately. Senator Petten, in this house on April 1, set forth various steps which he felt should be taken, and with these I agree. I would like to emphasize the need for extended management jurisdiction out beyond the present 200-mile limit, as Senator Graham has just said; the need for more scientific knowledge; and the need for joint management between the federal and provincial governments.

The ocean must be given a chance to regenerate itself and so avoid the impending disaster. In conclusion, let me say that this horrific state is a glaring example of what can happen as a result of uncontrolled and over-exploitation of natural resources. It is a lesson of which we should all take heed.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): I believe, honourable senators, that Senator Thériault, in whose name this matter stood, had agreed that other senators could speak on the inquiry, but he wishes that it remain standing in his name.

On motion of Senator Molgat, for Senator Thériault, debate adjourned.

● (1650)

PARLIAMENTARY FORUM ON ECONOMIC PARTICIPATION OF CANADIANS WITH DISABILITIES

Hon. Consiglio Di Nino rose, pursuant to notice of March 30, 1992:

> That he will call the attention of the Senate to the Parliamentary Forum on Economic Participation of Canadians with Disabilities, "Profitable Choices for Everyone", held in Ottawa, March 29th and 30th, 1992.

He said: Honourable senators, on March 29 and 30, 1992, under the sponsorship of the Speaker of the House of Commons and the House Standing Committee on Human Rights and the Status of Disabled Persons, a parliamentary forum entitled "Profitable Choices For Everyone" was held here in Ottawa.

The objective of the forum was to encourage further dialogue among various sectors with the aim of encouraging the the economic integration of disabled persons. Participants included members of the disabled community, business, labour and government. Statistics from 1986, which are now being updated, reveal that some 3.3 million Canadians experienced some level of disability. The prevalence of disability increases with age. That is, 5 in 100 children versus 45 in 100 for those 65 years of age, with further percentage increases as persons continue to age. Within the 15 to 64 age group 1.8 million persons, approximately 11 per cent of our population, experience some level of disability, mostly affecting mobility and agility. In excess of 270,000 people have a severe level of disability.

As you can see from the above statistics, when we talk about disabled Canadians we are talking about a lot of people. I will table for honourable senator's information a fact sheet that deals with additional data.

The forum focused on the disabled community as an unused and underused resource pool, a market for goods and services and the partnership which can be created among the various sectors. The results of the frank and open discussions which took place in the four sessions and the plenary session left no doubt in the minds of participants that Canadians generally have grave misconceptions about the abilities of our disabled citizens and their value to our society. Most of us have a very narrow view of their needs and even more so of their skills and talents.

The three U's, "unemployed, underemployed and underutilized", describe some of the frustrations experienced by disabled workers, most of whom are out of the labour force for other than health reasons. Let me quote one of the least disabled persons I have met. Alvin Law is a victim of thalidomide. He is a businessman with a long history of successes who now runs his own communications business. Alvin said:

> Success is being able to look at yourself in the mirror and be satisfied that you are making a contribution to society. People with disabilities are tired of being looked at as the people that need help. They want to be looked at as people who can provide something back to the community. They are a resource. They have knowledge. They have the ability to fit into our society.
>
> This is all about choices. We talk about empowerment. Empowerment is the choice to be what you want to be. We should all be allowed the choice to compete in the race, but we need to be allowed on the same track, or the starting blocks are simply pieces of wood.

Honourable senators, Canadians are committed to social equality and expect equal treatment for all our citizens. What I believe disabled communities need most is an attitudinal change. They, like everyone else, want to be seen and treated for their values and abilities.

Mr. Justin Dart, a legendary successful "disabled" businessman and chair of the U.S. President's committee on Employment of People with Disabilities put it this way during his keynote speech:

> The enemy is not human rights, or free enterprise; it is rigid ideas and systems in both government and the private sector that limit the full, free use of individual ability. Rational society empowers people to be fully productive for self and for all and protects them from artificial limitations.

Honourable senators, our federal government's goal is to make Canada the best country in the world for disabled people. I support the goal. Thank you for allowing me to bring this matter to your attention.

The Hon. the Speaker *pro tempore:* Honourable senators, if no other honourable senator wishes to speak, this inquiry is considered debated.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Thursday, May 7, 1992

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

Prayers.

SENATORS' STATEMENTS

GENERAL ELECTION

NUMBER OF DAYS LEFT IN CURRENT TERM

Hon. Royce Frith (Leader of the Opposition): Honourable senators, the two election clocks today show 198 days and 584 days respectively.

[*Translation*]

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

NINETEENTH REPORT OF COMMITTEE PRESENTED

Hon. Thérèse Lavoie-Roux, Chairman of the Standing Committee on Internal Economy, Budgets and Administration, presented the following report:

Thursday, May 7, 1992

The Standing Committee on Internal Economy, Budgets and Administration has the honour to present its

NINETEENTH REPORT

Your Committee is presently undertaking a review of the budgetary situation pertaining to Senate Committees.

Your Committee therefore recommends that, notwithstanding the *Procedural Guidelines for the Financial Operation fo Senate Committees*, for any committee budget for the financial year 1992-93 submitted to and approved by the Internal Economy Committee, your Committee be authorized to release no more than 6/12 of those approved funds until the end of September 1992.

Respectfully submitted,

THÉRÈSE LAVOIE-ROUX
Chairman

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

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

[*English*]

TWENTIETH REPORT OF COMMITTEE PRESENTED

Senator Thérèse Lavoie-Roux, Chairman of the Standing Senate Committee on Internal Economy, Budgets and Administration, presented the following report:

THURSDAY, May 7, 1992

The Standing Committee on Internal Economy, Budgets and Administration has the honour to present its

TWENTIETH REPORT

Your Committee has examined and approved the budget presented to it by the Chairman of the Standing Senate Committee on Legal and Constitutional Affairs, for the proposed expenditures of the said Committee to engage the services of such counsel and technical, clerical, and other personnel as may be necessary for the purpose of its examination and consideration of such bills, subject-matters of bills, and estimates as may be referred to it, as authorized by the Senate on Thursday, November 28, 1991. The said budget is as follows:

Professional and Other Services	$ 10,700.00
Transportation and Communications	5,500.00
Other Expenditures	2,000.00
TOTAL	$ 18,200.00

Respectfully submitted,

THÉRÈSE LAVOIE-ROUX
Chairman

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

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

FOREIGN AFFAIRS

FIFTH REPORT OF COMMITTEE PRESENTED AND PRINTED AS APPENDIX

Hon. John B. Stewart: Honourable senators, I have the honour to present the fifth report of the Standing Senate Committee on Foreign Affairs. This report concerns the budget application of the Subcommittee on Security and National Defence for the fiscal year 1992-93.

I ask that the report be printed as an appendix to the *Minutes of the Proceedings of the Senate* and to the *Debates of the Senate* of this day and that it form part of the permanent records of this house.

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

Hon. Senators: Agreed.

(For text of report, see appendix, p. 1450)

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

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

[*Translation*]

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

TWENTY-FIRST REPORT OF COMMITTEE PRESENTED

Hon. Thérèse Lavoie-Roux, Chairman of the Standing Committee on Internal Economy, Budgets and Administration, presented the following report:

Thursday, May 7, 1992

The Standing Committee on Internal Economy, Budgets and Administration has the honour to present its

TWENTY-FIRST REPORT

Your Committee has examined and approved the supplementary budget presented to it by the Chairman of the Standing Senate Committee on Banking, Trade and Commerce, for the proposed expenditures of the said Committee to engage the services of such counsel and technical, clerical, and other personnel as may be necessary for the purpose of its examination and consideration of such bills, subject-matters of bills, and estimates as may be referred to it, as authorized by the Senate on Tuesday, March 17, 1992. The said supplementary budget is as follows:

Professional and Other Services	$ 36,000.00
Transportation and Communications	4,000.00
Other Expenditures	2,000.00
TOTAL	$ 42,000.00

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

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

[*English*]

ADJOURNMENT

Hon. John Lynch-Staunton (Deputy Leader of the Government): Before asking leave to move the adjournment motion, I should like to indicate the sitting schedule we would hope to follow over the next few weeks, at least until the end of the month.

As honourable senators know, we have five bills before us at the second reading stage. I understand that two more will be arriving today for first reading and that a number of bills will be coming next week as well. So we have quite a full plate before us for the next little while.

If it is the wish of the Senate to adjourn no later than June 23, which is the day the House of Commons rises for the summer, we propose the following sitting schedule: We would adjourn today until Monday evening at eight o'clock. We would sit Tuesday, Wednesday and Thursday of next week. As Friday is the beginning of a long weekend, we would adjourn Thursday and come back the following Tuesday, which would be the 19th of May. We would sit all that week, including Friday morning.

We would then take the following week off, as the House of Commons is off, and come back the week of June 1.

Upon returning on June 1, we would follow the four-day schedule, and perhaps add a fifth day, depending on the progress we make and the amount of business that is left before us.

I should point out that, other than the bills I have already indicated, there is the possibility that a referendum bill will come to us, and perhaps even other major legislation. Therefore, we must look forward to a busy and active time between now and June 23, when, it is to be hoped, we will be leaving for the summer.

That being said, honourable senators, with leave of the Senate, and notwithstanding rule 59(1)(*h*), I move:

> That when the Senate adjourns today, it do stand adjourned until Monday next, May 11, 1992, at eight o'clock in the evening.

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

Hon. Senators: Agreed.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, I want to thank the Deputy Leader of the Government for his consideration. He discussed this matter with me before making his statement. I think it is helpful to all honourable senators to have this long range forecasting. I only hope that his forecast is more accurate than the forecasts we usually get on the weather, but only time will tell.

For the time being, for the parts that we can see now, it is helpful for all members to know that we will be sitting Monday night at eight o'clock but will not be sitting next Friday.

However, a problem does arise with respect to our sitting on Tuesday, May 19. Monday, May 18 is part of the Victoria Day long weekend. For honourable senators who live a far distance from Ottawa, sitting at two o'clock in the afternoon of May 19 means that they have to leave the day before. May I suggest, and perhaps this was in the deputy leader's mind in any case, that on May 19 we sit at eight o'clock in the evening. That would mean that honourable senators could travel during the day. Other than that, I find the schedule reasonable.

I am pleased to see that we are making early attempts to ensure that we can adjourn at the same time as the House of Commons instead of having everything come to us at the last minute. That will require some cooperation from the House of Commons—that is, that they do not leave everything until the last minute and then send it to us on Monday, June 22, in the expectation that we will finish on Tuesday, June 23.

Senator Lynch-Staunton: I can confirm that on May 19 we will reconvene 8:00 p.m.

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

Hon. Senators: Agreed.

Motion agreed to.

[*Translation*]

SPECIAL ECONOMIC MEASURES ACT

FIRST READING

The Hon. the Speaker *pro tempore* announced that a message had been received from the House of Commons with Bill C-53, an Act to provide for the imposition of special economic measures.

Bill read first time.

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

On motion of Senator Lynch-Staunton, bill placed on the Orders of the Day for second reading Monday next, May 11, 1992.

[*English*]

NATIONAL DEFENCE 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-77, to amend the National Defence Act.

Bill read first time.

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

On motion of Senator Lynch-Staunton, bill placed on the Orders of the Day for second reading Monday next, May 11, 1992.

[*Translation*]

GOODS AND SERVICES TAX

PRESENTATION OF PETITIONS

Hon. Jacques Hébert: Honourable senators, I have the honour to present petitions signed by 452 citizens of Ontario who oppose the goods and services tax.

These petitions come mainly from Toronto, Windsor, London, Hamilton, Etobicoke, Casselman, Ottawa, Scarborough and Thornhill.

I find it quite admirable that thousands of citizens still believe that this government will lend even a discreet ear to their supplication.

QUESTION PERIOD

[*English*]

HEALTH AND WELFARE

"BRIGHTER FUTURES" PROGRAM—GOVERNMENT FUNDING FOR CHILDREN AT RISK

Hon. Royce Frith (Leader of the Opposition): Honourable senators, yesterday I asked the Leader of the Government about the $5 billion that had been removed from the child benefit programs in the country since 1986, and he quite reasonably asked me for more detail as to how that figure was made up. The headings under which they were made up were the partial de-indexation of the refundable child tax credit, partial de-indexation of the threshold for the refundable child tax credit, partial de-indexation of family allowance payments, partial de-indexation of the threshold for clawback on family allowances and the partial de-indexation of the nonrefundable child tax credit. He, of course, was more interested in the numbers than in the chapter headings.

I want to refer to the Senate committee report called "Children in Poverty: Toward a Better Future." This, as we know, is not a Liberal Party document, or a Conservative Party document for that matter. The Chairman of the Standing Senate Committee on Social Affairs, Science and Technology—the committee that produced the report—was the Honourable Lorna Marsden and the deputy chairman was the Honourable Brenda Robertson. Just so that we are clear for the record what the source is, the senators who are referred to under membership are Senators Austin, Bosa, David, Gigantès, Hébert, Kirby, Thérèse Lavoie-Roux, MacEachen or Frith, Marsden, Marshall, Murray or Doody, Robertson, Kinsella and Thériault, with participation from Senators Beaudoin, Bonnell, Cochrane, Doyle, Haidasz, Rossiter, Spivak and Tremblay.

● (1420

What is stated at page 101, and which I adopt as my authority for part of the figures, is as follows:

> The savings that are being realized through the partial de-indexation of child benefits are massive albeit hidden from public view. We—

That is the committee, the senators I have mentioned.

> — estimate that more than $3.5 billion will be removed from the child benefits system between 1986 and 1991. These savings are being applied to deficit reduction and are not being redistributed to low-income families.

Honourable senators, I underline that that is up to 1991. We can assume that now, one year later, the figure is higher.

In addition to the $3.5 billion—because I am still $1.5 billion short, leaving aside the effects of the last year—we have

the promises about a national day care program made by Mr. Wilson and the Prime Minister during the election which were not fulfilled. The natural growth in the number of day care spaces funded under the Canada Assistance Plan was limited through ceilings placed on CAP payments to the provinces of British Columbia, Alberta and Ontario, as was debated in this house not too long ago. In 1988 the government promised almost $4 billion over seven years for the construction of 200,000 new day care spaces. By reneging on that commitment and its cap on CAP, we find the additional $1.5 billion.

Those are the figures that I would continue to ask the Leader of the Government to comment and check on: from our own Senate committee report $3.5 billion, and the $1.5 billion I have just referred to, all of it money taken out of the child welfare benefit program, as it is referred to in our report.

Hon. Lowell Murray (Leader of the Government): Honourable senators, my honourable friend is obviously seeking to launch a debate on this matter. I invite him to do so at the appropriate time. He speaks of the changes that have been made in various programs and the quite notional amount of $5 billion—

Senator Frith: Notional? According to our colleagues it is not notional.

Senator Murray: —that he says has simply disappeared into thin air or been used against the deficit. The honourable senator makes no reference at all to the improvements and the targeting of benefits for children under so many of our programs. I refer, of course, to the child benefit changes announced in the most recent budget. I can tell him that parental benefits paid out under unemployment insurance have increased from about $400 million in 1984 to $1.3 billion in 1992.

My honourable friend also mentioned the cap on the Canada Assistance Plan affecting Ontario, Alberta and British Columbia. If one looks at the figures, one will see that the transfers under the Canada Assistance Plan for day care have increased from $100 million in 1984 to $275 million in 1992. The child care deduction which was worth $135 million in 1984 is worth $300 million in 1992. And so it goes.

● (1430)

I could continue. I could present a list of statistics that I think tell a story quite different from that suggested by the honourable senator. However, the proper time and place for that would be during debate, at which time the honourable senator could put forward his views on the policies that we have followed over the past seven years or so in this field. If he does that, we will be glad, for our part, to defend vigorously the improvements that we have made, especially in targeting these benefits to those most in need.

Senator Frith: Honourable senators, I am pleased to have that answer and I welcome the invitation. Perhaps we can continue this discussion under the heading of an inquiry or any other appropriate heading for debate.

[Senator Frith.]

The government leader has said that he would be glad to provide me with some of the detail. I have given him the specifics underlying my original question and would be glad if he provided additional information.

I am quite prepared to conclude on this matter in anticipation of having those facts that can be the basis for our debate. I thank him for that offer, and we will wait for all of the detail he has just said is readily available to him.

[*Translation*]

Senator Murray: Honourable senators, I will be glad to table the figures shortly so that they can form the basis for our future debates.

Senator Frith: Honourable senators, that means we will have them in due course, doesn't it?

[*English*]

JUSTICE

SOCIAL UNREST—PROPOSED MEETING OF PRIME MINISTER WITH BIG CITY MAYORS AND FEDERATION OF MUNICIPALITIES

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, all Canadians are deeply disturbed by the events in Toronto earlier this week.

I note that yesterday in the House of Commons a question was asked of the Prime Minister regarding that unfortunate circumstance and whether or not the Prime Minister would be prepared to meet with the mayors of the big cities across Canada. There is an obvious problem that could arise in other cities as well. The Prime Minister replied that he would be happy to meet with anyone at any time if it would be helpful in solving a given problem. However, on further questioning, he later indicated he had received no such request from the mayors.

I understand that a request has gone now forward to the Prime Minister in the form of a letter from the Mayor of the City of London, speaking on behalf of the Federation of Canadian Municipalities and the big city mayors.

Could the minister indicate to us how soon the Prime Minister will be prepared to meet with them?

Hon. Lowell Murray (Leader of the Government): Honourable senators, I think it is worth mentioning, en passant, that the Minister of Justice, Ms. Campbell, several weeks ago had an important meeting with the mayors of Toronto, Vancouver, and Montreal, I believe, on some of the justice issues that are involved here.

With respect to the Prime Minister's willingness to meet with big city mayors, he made his statement yesterday. I do not think I can improve upon it. I do not think I will try. I am sure that, if, as the honourable senator says, a proposal has come forward, it will be treated with every urgency and a meeting will be held as soon as mutually convenient to the parties concerned.

Senator Molgat: The copy of the letter that I have is from Mr. Tom Gosnell, the Mayor of the Corporation of the City of London. In the letter, he refers to the statement of the Prime Minister. He says:

> Please accept this letter as a formal request from our Caucus to meet with you at your earliest convenience.

It is a formal request. If the minister can tell us, if not now perhaps next week, I would appreciate knowing when that meeting will take place.

THE CONSTITUTION

SENATE REFORM

Hon. H.A. Olson: Honourable senators, Is the Leader of the Government aware that, although the constitutional ministers, meeting in St. John yesterday, failed to agree on many things respecting the Senate, they did agree on one thing. They agreed that the Senate should have the power to ratify or reject choices for senior positions such as the Governor of the Bank of Canada—and a party to that agreement was the representative of the federal government, the Right Honourable Joe Clerk.

If the leader is aware that the representatives of 11 governments have now agreed that this is a good and useful function of the Senate, perhaps he would join with me in sponsoring, or sponsor by himself, a resolution to send forward some advice. We do not have the authority yet, but we could make some recommendations in advance.

Hon. Lowell Murray (Leader of the Government): Honourable senators, there is nothing new about the proposal to which my friend refers. The proposal that a reformed elected Senate would have the right to review appointments such as the Governor of the Bank of Canada was made by the federal government in the constitutional proposals tabled last September. There is, however, no thought of investing the present Senate with that responsibility.

Senator Olson: There is something new in having all 11 representatives at the constitutional meeting agree that it is a good and useful thing to do. That is new.

THE ECONOMY

RELIABILITY OF GOVERNMENT FORECASTING

Hon. H.A. Olson: The Minister of Finance has again changed his expectation of the growth of the Canadian economy. A number of other people, such as the general manager of Informetrica and even the IMF, have scaled down significantly their previous forecasts of the Canadian economy's performance for the rest of this year.

I think we should seriously the fact that CP had a meeting yesterday at which the chairman of the board unfortunately had to admit that they had lost over $900 million in their last fiscal year. In addition to that, he said, their forecast for the Canadian economy is significantly lower than the government's forecast and we can look forward to several months—in fact, all the rest of this year—of very slow improvement.

Having in mind that all of this is coming together, does the government have a contingency plan to deal with it? It is no longer just someone's speculation. All the forecasts the Minister of Finance and the government generally have been putting forward for quite a while, and particularly since the budget, are now starting to fall apart, just as they have always fallen apart in the last four or five years.

Does the government have under active consideration a contingency plan to deal with the Canadian economy, if the reality proves to be substantially less than their forecasts?

Hon. Lowell Murray (Leader of the Government): Honourable senators, my friend disappoints me, as he often does. When I saw him rise in his place a few moments ago, I was sure he was rising to express his great satisfaction with the fact that the bank rate today was brought down from 6.97 per cent, where it was last week, to 6.78 per cent today.

Some Hon. Senators: Hear, hear.

● (1440)

Senator Murray: I simply indicate that this is a measure of the progress that we are making toward a virtually inflation-free economy, with low interest rates and all the other necessary elements for sustained renewed economic growth.

The honourable senator mentions, accurately, that the Minister of Finance has had to scale down his earlier forecasts for economic growth in this calendar year, as have many private sector forecasters. In that connection, however, and I relate this to the good news I just gave the honourable senator about the continuing decline in the bank rate and in interest rates, the minister observed what I think we all know. That is to say, business confidence has rebounded dramatically in this country as measured by increased investment intentions and so forth. Consumer confidence still has some way to go in order to fuel the economic growth that we all know is necessary.

It is true that the minister has scaled down his forecast for economic growth for this year, as have private sector forecasters. However, the IMF, the OECD, the Conference Board, the London *Economist*—wherever we look—are virtually unanimous in maintaining the position that Canada will lead the world in economic growth this year and next.

Senator Olson: I agree with what the minister has said except, as usual, he has left out some of the more pertinent remarks made by the minister. I wish to quote one of those remarks now.

The minister said all of those things. He said he had to lower his expectations from 2.7 per cent growth to 2.3. He also said, "Maybe I'll have to lower it some more."

Senator Murray: If consumer confidence is up.

Senator Olson: No. He said that it could be less.

He went on to say, "But, clearly, the consumer confidence issue which we have been wrestling with is the one that I really think has to show some change before we can experience some more robust economic turnaround." That is what the minister said.

When the minister brags about all this business confidence, even business people understand that if consumers do not gain more confidence and start to spend money —

Senator Barootes: You're sure not helping with speeches like that.

Senator Olson: —then all their confidence will come to nothing.

What is also extremely important in this context is that, as long as they know that the policy of the Governor of the Bank of Canada will be to use the blunt instrument of increasing interest rates every time there is any change in the inflation rate above 2 per cent—and he has already demonstrated that once or twice—consumers will not sink themselves into debt, exposing themselves to the mercy of that kind of policy.

That is why I am suggesting that if we are ever to get turned around at all and get away from this business of the Minister of Finance and everyone else having to lower their expectations because consumers are not ready to go into debt again only to be clobbered by this government and its agent, the Governor of the Bank of Canada, as they were a few months ago, then we need some changes.

Eleven governments have agreed that one of the changes we need—and I say this a little facetiously, but not entirely —is some different policies out of the Bank of Canada. In order to have that it is obvious that what is needed is a different Governor of the Bank of Canada.

I with to ask my question again, seriously. Are you willing to do something for Canadians, or will you simply let all these forecasts be thrown into the ashcan and then have all these people suffer as they have been for the last two years under the policy of this government and its agent, the Governor of the Bank of Canada?

Senator Murray: Honourable senators, I am interested to have it put on the record that the policy of the Liberal Party is to discharge the present Governor of the Bank of Canada.

Senator Olson: He is following the wrong policies.

Senator Murray: I insist that that is not our policy. We support the governor. We support the policies of the governor which have been manifestly successful and which are regarded as such the world over. This country is poised to lead the whole world in economic growth precisely because we have inflation and interest rates under control.

Senator Olson: I am glad to have it on the record so that the people of this country will know and understand better that this government intends to follow the same kind of policies that have led them into the worst recession in the last 50 years. It is fairly important that people know that. Even after all these months of deprivation, record-breaking bankruptcies and all of the other signposts of the economic recession that we know is around, the government says, "But we'll follow those policies from here on in, even though all our forecasts for growth are being thrown in the ashcan."

[Senator Olson.]

I am asking once more if the government has any contingency plans, active plans, to deal with a situation that is obviously headed for more deterioration.

Senator Murray: Now that our friends opposite have taken the position that the Governor of the Bank of Canada must be discharged, I think it is of some importance that they let the country in on the news as to which card-carrying member of the Liberal Party they propose to appoint to that important position.

Senator Olson: If that is not a cheap shot, I have never heard one. That is the worst I have ever heard, and I have heard some pretty bad ones.

Senator Frith: In the kind of shape they find themselves, cheap shots are all they can afford.

Senator Olson: Cheap shots are all they have left.

Senator Molgat: Is the Leader of the Government suggesting a card-carrying Tory?

Senator Olson: What I am suggesting is that we need some different policies.

Senator Murray: You propose to fire the governor.

Senator Olson: Yes, because we know the Governor of the Bank of Canada follows government policy, or government officials, and particularly the Minister of Finance, will tell him that they do not like his policies.

Senator Barootes: He is very independent.

Senator Olson: I thought at least the Leader of the Government would not fall into the trap that Senator Barootes has just fallen into. He has been around long enough to know better. We had it out once before with a man by the name of Coyne. As a result, I no longer challenge, as the minister does not, that what the Governor of the Bank of Canada is doing in terms of his philosophy and policies is fully supported by the government. He has said that before, and he said it again today.

Whatever the policies are, you now say you will continue on with those policies, notwithstanding the fact that it has led us into the worst recession since the 1930s.

Senator Murray: Honourable senators, the policies have been manifestly successful in getting inflation and interest rates under control. We in this country are poised to lead the world in economic growth.

Senator Olson: You might be poised, but you never get started.

Senator Murray: We have great problems with competitiveness vis-à-vis our international trading partners. However,

one element that is giving us quite a leg up is that we will have a lower inflation economy than almost all our competitors.

Senator Olson: We just have a low economy, that is all.

Senator Murray: When has such a thing happened before?

If the honourable senator and his party were in power and they would fire the Governor of the Bank of Canada, then they owe it to the country to tell us who they would put in his place and what the alternative policies are that they would instruct the governor of the bank to follow.

Mr. Chrétien indicated some months ago that he would take control of monetary policy. I think this is a matter that needs to be fleshed out so that people can understand both the policy and its implications.

Senator Olson: Honourable senators, I have a list of people in my office, which I would be glad to bring another day, of Canadians who have said categorically that the price that Canadians have paid for this so-called inflation-fighting policy is too high. It has wrought devastation on big and medium-sized businesses. Individuals have had difficulty with debt servicing charges. This is too high a price too pay for the kinds of policies that you say you and the Governor of Bank of Canada will continue to pursue. There is a long list of responsible Canadians who have expressed themselves on this matter, and they believe that the government's policies are wrong and that they have created far too much difficulty, devastation and hardship for Canadians. Canadians are not pleased to know that the government intends to continue promoting the same policies that led us into this mess.

• (1450)

Senator Frith: Those problems were not created by that policy. They were created by the Liberal government back in 1963.

Senator Olson: Yes, that is what the government will say.

Senator Murray: Honourable senators, we are absolutely determined that this country, so long as we have anything to do with its governance, will not repeat the experience of the 1980s when there were double-digit interest rates, double-digit inflation and double-digit unemployment.

Some Hon. Members: Hear, hear!

Senator Olson: That is simply rhetoric with no foundation. It is only a few weeks since we saw double-digit interest rates. The government and the Governor of the Bank of Canada moved from single-digit interest rates to double-digit interest rates. Why do you stand in this place now and make a public statement that contradicts what the government has just done?

Senator Murray: Honourable senators, inflation is below 2 per cent in this country. The bank rate is at its lowest rate since, I think, 1973. What is the honourable senator talking about?

If the honourable senator wants to talk about devastation, talk about the devastation wreaked upon poor people by double-digit interest rates, double-digit inflation and double digit unemployment. That is a combination, without precedent, that we faced in the 1980s under the lax policies of our friends opposite.

Senator Frith: There is no devastation now?

Senator Olson: The manner in which you add things up is ridiculous. There are more Canadians in this country who know what the consequence of this government's monetary policy has been than you realize. Are you not aware that your policies have something to do with why—

Senator Barootes: You better talk about the drought!

Senator Olson: —you went down to 11 per cent in the polls? Has it nothing to do with the pronouncement that you will continue the kind of monetary policy that led us into this mess?

Senator Murray: Honourable senators, Canadians generally understand that this government has the fundamentals right, and that our friends in the other political parties are offering no honest alternatives.

Senator Frith: They are not swallowing that! A poll by your own Department of Finance says that Canadians are not swallowing that.

Senator Olson: They are not swallowing that garbage.

Senator Murray: The government has picked up four points in each of the last two months in the Gallup poll. At that rate, we should be at 48 per cent by Christmas.

Senator Lynch-Staunton: Double-digits. Then your countdown will be respected.

Senator Frith: Then we will have our election, will we? The clock will stop ticking. Well, your own Department of Finance polls say that Canadians are not swallowing that guff.

Senator Molgat: The Leader of the Government is not always known for his humour.

Senator Frith: Today he is in good form.

Senator Molgat: Honourable senators, with respect to the Leader of the Government's statement that the government is poised for a great recovery, the only reason is that they have the country down so low that they can hardly go anywhere but up.

THE ENVIRONMENT

RAFFERTY-ALAMEDA DAMS PROJECT—STATUS OF FEDERAL ADVANCE TO SASKATCHEWAN

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, my question is on a matter relating to a subject that I had previously raised with the Leader of the Government, and that is the Rafferty-Alameda dam. My honourable friend will recall that I previously asked him a number of questions. Can he bring us up to date on where that matter stands? I do not expect a full statement today. The Federal Court clearly laid out some directions for the government,

which I do not believe have been followed. He can tell us about that.

The Leader of the Government in the Senate will recall that the government advanced approximately $10 million to the government of Saskatchewan not to build the Rafferty-Alameda dam. The government of Saskatchewan then proceeded to build the dam. Nevertheless, the government advanced the money to Saskatchewan. Exactly how much they advanced I do not know. The last answer I received was that they had advanced $8 million at one point. My question is this: Have we now recovered that money, and did we recover it prior to the change of government, while the previous government—the good friends of my honourable friends—were still there?

Hon. Lowell Murray (Leader of the Government): I will have to look into that, honourable senators. I shall obtain an update on the general status of the Rafferty-Alameda project.

THE CONSTITUTION

BEAUDOIN-DOBBIE REPORT—REQUEST FOR STATEMENTS OF MINISTERS

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, while my honourable friend is having a review made of some of the outstanding matters, would he also check on how his staff is doing on the deep research of finding out when the part-time ministers over in the other place—Mr. Masse, Mr. Loiselle and Mr. Benoît Bouchard—made statements supporting Canada? He assured me he was certain the researchers could ascertain that these ministers had made glowing statements in defence of Canada.

To my knowledge, these gentlemen are part time in that they accept the money and the perks, but when it comes to defending the country, they are marvellously silent. Perhaps the Leader of the Government has some information on this matter.

Hon. Lowell Murray (Leader of the Government): Honourable senators, I do not accept that accusation at all. It is totally unjust and unwarranted. We had what I thought was a rather light-hearted exchange on the question of who said what, where and when. I indicated to the honourable senator that ministers who go back to their ridings—whether in Quebec, Alberta or British Columbia—on weekends, do not necessarily do so fortified with prepared texts which can be easily reproduced.

That having been said, I indicated that I would have some research done on typical statements that had been made by my Quebec colleagues about their attachment and Quebec's attachment to Canadian confederation. When that information turns up, I will be glad to bring it into the Senate Chamber.

Senator Molgat: Honourable senators, I am disappointed that the Leader of the Government has not yet been able to find something.

[Senator Molgat.]

With respect to his comment that my statements are not warranted, if he shows me statements where the aforementioned gentlemen have defended Canada, perhaps his comment will be accurate. Until then, I shall await the statements that he will produce.

FARM PRODUCTS MARKETING AGENCIES ACT

BILL TO AMEND—SECOND READING

Hon. Eric Berntson moved the second reading of Bill C-54, to amend the Farm Products Marketing Agencies Act and other Acts in consequence thereof.

He said: Honourable senators, it is my pleasure today to speak on second reading of Bill C-54, amendments to the Farm Products Marketing Agencies Act, amendments aimed at helping the agri-food industry become more competitive and ultimately more prosperous.

Honourable senators, these are challenging times for the women and men who grow and produce food in Canada. Like many other industries in this country, they face adjustment on many levels if they are to meet the quickly changing demands of world markets.

● (1500)

Rather than depending on raw products, as in the past, our producers and processors are trying to develop more profitable value-added products. They are looking for ways to become more efficient and to incorporate the latest technologies into their work. The 1.8 million men and women employed in the agri-food industry face the challenge to adjust at a time when a hurtful subsidy war rages between the EC and the U.S. Few people will deny the effects this has had on the entire industry.

Honourable senators, in challenging times like these, the agri-food industry looks to government for assistance. And in fact, the government has provided unprecedented aid to farmers to help them through the immediate problems. The $800 million in emergency assistance announced last fall indicates that.

But we cannot ignore the need to adjust for the long term. If we want to escape from this cycle of income problems, we must become more competitive. In the long run, we cannot become more competitive by simply throwing money at the industry. Government can create a business environment more sensitive to the competitive needs of the industry, an environment that helps the industry help itself. That is what is being proposed here today.

These amendments to provide for national check-offs on agri-food commodities are a long-sought-after and effective technique to enable the Canadian agri-food industry to become more responsible for its wellbeing. This is not a government-devised system being imposed on the agri-food industry. Instead it is a system which many and various sectors of the industry have, for some time, been calling upon the government to provide.

I note that consultations within those sectors and with the provinces have shown broad support for the check-off system and the legislative means by which that system would operate. The producers, processors and importers of agricultural commodities —those that are not supply-managed, being all commodities except poultry, eggs, and dairy products—have never had the legislative means to impose a mandatory national levy upon themselves.

Such means have existed at the provincial level, but any efforts to fund such competition-enhancing promotion and research at the national level has depended on voluntary participation by members of any agricultural sector. Being voluntary, it has not been not sufficiently widespread, nor has it offered the long-term stability necessary to sustain effective programs. In addition, there has been no federal legislation permitting the collection of national check-offs on imports as well as domestic agricultural products.

In order to enact such a national check-off system that included imports, the government had two choices: Either it could amend the current legislation or it could draft new legislation. It was decided that the amendment option was the best route, for a number of reasons. Amending the Farm Products Marketing Agencies Act, in essence, means some straightforward changes to extend its levy provisions to cover imports.

Simply put, it already contained most of the legislative provisions needed for national check-offs. Therefore, it provided the basis for putting the check-offs into law that met the tests of simplicity, speed and efficiency. Taking this route meant extending a faster and simpler helping hand to the agri-food industry which is determined to become more competitive and more self-reliant.

The federal government is committed to those goals. Heightened competitiveness, especially in the new international trading environment, translates directly into more and better jobs for Canadians.

As you know, honourable senators, the Farm Products Marketing Agencies Act had a somewhat tumultuous birth in the early 1970s. It was the first federal legislation to provide for the establishment of supply management systems for agricultural commodities. As such, it provoked a great deal of debate and discussion within the House of Commons, within the agri-food industry, and among the general population. As a result, in the public mind, this act became synonymous with supply management, but it is important that we all understand that amending this act to provide for national check-offs in no way ties check-offs to supply management.

These amendments will not weaken the existing supply management provisions contained in the act, and, conversely, the amendments do not in any way represent the first step towards supply management for those commodities not currently under supply management.

To keep this absolutely clear, the government has taken great care with the wording of the amendments. The new sections dealing with national check-offs do not simply use the term "marketing plan", which has, in the minds of many people, come to mean "supply management"; instead, the check-off amendments specifically refer to market promotion and research plans. That better describes the mandate of what check-offs would pay for. It allows for no confusion with the provision covering supply-management commodities.

Perhaps the best approach to demonstrating the together-but-apart nature of the two streams of the amended act would be to cite a specific example of how a check-off program might work. The following example, honourable senators, comes from a number of draft preliminary proposals that groups within the agri-food industry provided during the consultation that preceded the drafting of these amendments. Let me say that, by citing this particular example, I am by no means stating that the proponents or the government will follow this plan to the letter.

The Canadian Horticultural Council and the Canadian Produce Marketing Association represent every element of production and marketing of fresh fruit and vegetables in Canada.

These two organizations have undertaken, through the Fresh For Flavour Foundation, to promote the consumption of fresh fruits and vegetables. Funding for the foundation has been on a voluntary basis. Unfortunately, this funding has not been sufficient to pay for adequate promotional programming. The problem has been an inadequate sharing of the costs among industry trade members. As a result, the Horticultural Council and the Produce Marketing Association have joined the industry call for a national check-off system.

Money raised through the check-offs would be used to promote the sale of fresh produce through programs for food, health and safety, educational activities, product and consumer research, and surveys of special group needs. There would be enough funds to pay for continuous promotional activities and other marketing enhancements.

The proposed check-off on fresh fruit and vegetables would be one-fifth of one per cent of the value of the product. Based on 1988 sales of $2.2 billion, this rate would have raised $4.4 million. The check-off would be applied against produce sold in the province in which it was grown and sold in other provinces, and against any produce imported from other countries. It would not be assessed to produce destined for processors or on processed imports.

Let us come back briefly to the $4.4 million that a national check-off would have raised in one year. That is a healthy sum to be used for the promotion and marketing of fresh produce, and to pay for product and consumer research to supplement what is being done by government.

Many voices from coast to coast in the agri-food industry have told us they desire more autonomy. Like all entrepreneurs, they want to be free and to be responsible for their own destiny. Having the dollars to pay for those all-important marketing and research activities is an essential part of that independence. And having the right under federal law to choose to collect money from themselves is just as important. That right,

that choice, and that potential for more self-sufficiency are what the check-off amendments provide.

Let me emphasize that this is enabling legislation which will have little or no impact on food prices for Canadians. We all know that consumers are becoming ever more price conscious as they do their grocery shopping. It might be easy for people to look quickly at the idea of national agricultural check-offs and leap to the conclusion that these changes to the law will mean producers will charge more and that the consumer will end up footing the bill. This is simply not the case.

Using the example of fresh fruit and vegetables, the proposed check-off is one-fifth of 1 per cent of the value of the product, which would be an insignificant proportion of retail prices. There need be no worry that check-offs would mean hardship at the grocery store, nor that there would be price hikes that would provoke more cross-border shopping. On the contrary, better efficiency gains through check-off funded research will ultimately benefit Canadian consumers, as will the generation of consumer information that will be one of the prime results of the check-off program.

Honourable senators, let me conclude by saying that the amendments that would create the new Farm Products Marketing Agencies Act represent a win-win combination for both our agri-food industry and for our consumers.

Hon. H.A. Olson: Honourable senators, I do not believe in the entire 34 or 35 years that I have been in Parliament, I have heard such a conversion. Talk about Paul's conversion on the road to Damascus. Here we have members of the Conservative Party singing the praises of the Agricultural Products Agencies Marketing Act. It is almost unbelievable. I do not regard the sponsor of the bill, Senator Berntson, as having made this tremendous conversion. He might have been in support of having this kind of legislation on the books in Canada all the time.

I turn my memory back to what he calls the somewhat tumultuous birth of this legislation in the early 1970s.

Senator Berntson: It was tumultuous.

Senator Olson: You are right. I will tell you how tumultuous it was. The bill that was brought in received all the resistance that it was possible to muster by the opposition of the day, the Conservative Party, on the floor of the House of Commons at second reading. Then when the bill reached the Committee on Agriculture, that committee sat up through two nights until eight o'clock in the morning because of the persistent resistance of some of the Conservative members. It was unbelievable.

Senator Berntson: Was that Jack Horner?

Senator Olson: He was one of them. There were some more. There was a fellow whom you might know from Saskatchewan, a fellow by the name of Stan Korchinski who was a member of Parliament at the time. There were a few more, too, who were involved in that incident.

They made the argument that the philosophy behind the bill was so bad that it was absolutely a violation of all the freedoms that any self-respecting farmer could have. Now Senator Berntson is singing the praises of this Act.

I remember that we sat up all one night until 8:30 the next morning. Another time we sat up nearly that late. As a matter of fact, we even had to call Parliament back to sit between Christmas and the New Year to pass the bill. That is how stubborn the resistance was to passing this bill. Now Senator Berntson is saying that the government has decided that, instead of writing a new bill, they would modify this bill because there are already many things in the statute which provide for what they want to do with this check-off system.

To put the debate of this bill in its right context, I thought honourable senators opposite ought to know a little of the history of what went on when this Act was introduced in 1971.

I did not hear the comment of Senator Carney. Was there something else you wanted me to explain about its history?

Senator Carney: No, I am fascinated. I am very interested in this debate.

Senator Olson: I have to say at the outset, too, that I have no objections to this check-off on a voluntary basis. At least they claim it is on a voluntary basis. It is not all that voluntary, though, in practical application, for producers to pay into this fund. By the way, that is also a rather significant change from traditional Tory policy. You intend to force them to pay first, and if they want their money back, they can apply for it.

I suppose you learned that from the GST. That is what the government does there, too. You pay all the taxes first and if you think you have a right to a rebate, you can go to all the accounting problems of applying for it. That is the way this system will work, too, I guess. I am not sure that that sits well with some of the philosophy I have heard Tories express from time to time.

Talking of the GST, I was at an auction sale the other day and bought a tractor. It fit into a certain category and so I was rather surprised when I came to pay for it that I was not asked to pay the GST on it. So they have made some amendments to the administration. They certainly have not come very far, but that was one small, encouraging light in the tunnel indicating that they might be prepared to listen a little and not continue to force everyone to line up and pay.

Senator Barootes: Was it a used or a new tractor?

Senator Olson: It was a used tractor. The non-payment of GST had nothing to do with whether it was new or used. The fact is that you do not have to pay the GST on tractors over a certain level of horsepower. If the tractor is of a lesser horsepower, you still have to go through that system. There are some Tories who seem to know what could be used exclusively in agriculture.

It is ridiculous. We argued here for weeks that they should exempt some items instead of having that zero rating. I do not

think many people yet understand how much misery, bookkeeping, late nights and all the rest goes into the administration of that zero rating. It amounts to exactly the same thing as an exemption, only you would not have all that trouble. Anyway, this bill contains somewhat the same methodology of collecting levies.

If the Leader of the Government in the Senate were here, I am sure he would say, as he does in response to every criticism I make, "Well, what would you do about it?" I am sorry, I do not have thousands of people to gather all the statistics and provide all the advice. Believe it or not, I do not have a perfect answer to every criticism I make.

Senator Di Nino: I cannot believe that, with all the wisdom that you have.

Senator Olson: Senator Berntson is absolutely right when he suggests that the Act we are amending today had a somewhat tumultuous birth.

He goes on to say that it is important that we understand that amending this act to provide for national check-offs in no way ties check-offs to supply management. That has two meanings, I expect. One is that you could collect check-offs for the purpose of paying for research and that sort of thing. You could also have a system that was included in the supply-management regime that may be in place. It is only sensible to have the same system apply. It would not be wise or practical to have two organizations involved. If there is a supply-management regime, they should do all the rest of it, including the research and promotion of the products.

● (1520)

It goes on to say that "these amendments will in no way weaken the existing supply management provisions contained in the act". I wondered why that sentence was included there, but I believe now that the Tories are being particularly meticulous to ensure that they do not leave the impression with any of those farmers out there that they will weaken the supply-management system currently in place, the one that they spent weeks and months trying to destroy when we brought it in back in the early 1970s. But now it is all fine.

I asked the minister questions about what they were going to do to defend supply-management systems or marketing plans in Canada for foreign products, in spite of the problems that they are facing in Geneva now under the GATT arrangements. He, too, spends a great deal of time quoting from the Minister of Agriculture and the Minister of Trade and stating that there is no way that we will give in on Article XI so that we can defend the enabling legislation that put it in place in 1971.

It was not easy then and it is not easy now to move into a supply-management regime. You just cannot decide one day that it will be done and expect that it will be done the next day. It takes years. Even with the experience that we have today with eggs, broilers and some other commodities—although there are not very many—it takes a long time for everyone to accept the terms and conditions under which they will be set up. This occurs for a number of reasons, including the fact that setting prices and production quotas lies exclusively within the jurisdiciton of the provinces.

The federal government does not have competent jurisdiction to set prices and quotas or determine access to the market. When we brought this legislation in we knew that. Maybe you could have tried for an amendment to the constitution; we did not. We just accepted that that was the way it was because the constitutional provisions were there. But what does not seem to be clear to the people challenging the benefits of the marketing systems we have in Canada is the length of time it takes to get them functioning properly, not only for the producers to have a reasonable, steady income, but also for the consumers to have a reasonably steady supply of the various products that are included.

Honourable senators, I hope we can send this bill to committee for more detail with respect to what is involved, because it is extremely important to understand the provisions of this bill and the activities of the agencies to be set up under it, and to know that those agencies are legally competent to do what the bill says. For the reasons I have just given, I am not quite sure that they are. It is necessary to have delegated authority from provincial legislatures to do many of the things envisaged in collecting levies and then forcing producers to pay those levies. It may not be quite as stiff as that, but we have to be careful to ensure that at least the collection of these levies cannot be challenged. Many millions of dollars will be involved before long. We should be certain that there is a proper legal basis for that money.

Bill C-54 states that anyone can apply to get the levy back. In other words, they can apply for a refund of what they had paid by way of levies. But we should have the assurance—and perhaps Senator Berntson, or whomever the senators call to the committee—will come armed with the information that we need respecting the jurisdictional competence of the two levels of government and the assurance that, if it requires provincial delegation of authority, they are willing to give it.

When this bill was intoduced—and this is dealing with a different aspect of the functioning of the Farm Products Marketing Act—certain provinces attending the meetings of the agriculture ministers pleaded with the federal Minister of Agriculture to pass the enabling legislation as quickly as possible because of the disastrous economic conditions egg producers were experiencing when eggs were about 10 cents a dozen. When the act was finally passed, the same people started to argue over whether or not they would join; it would depend on the level of quotas in the various marketing regions of Canada. That annoyed me, but that is the way people are: they are desperate to have it brought in, but the minute it is put on the table they are reluctant to join.

We have a right to know whether or not all the provinces have agreed to delegate legislation or authority to make this act legal and to have it function properly.

I do not have much more to say about this matter. The idea is beubg fairly well received—at least the sponsor has said that organizations all over Canada have been asking for this legislation. I do not deny that. I think there are some, but I do not think a lot have been asking for it. You have to look behind the requests and ask yourself why they are asking for it. It may be because the Department of Agriculture has been reducing significantly the allocation of funds for research in agriculture since this government came to office.

Hon. Royce Frith (Leader of the Opposition): What? Reducing funds?

Senator Olson: Yes. They are doing it all the time.

Senator Frith: We would rather believe that it is their repentance and conversion, though, would we not?

Senator Olson: Yes, maybe. But as a percentage of the total budget and the costs, and so on, the allocation of funding for agriculture research has gone down every year since 1984 without exception—maybe there is one exception.

It may be that these farmers are making this request, as Senator Berntson has said—and I do not deny it, but they may be doing it in self-defence so that we can keep up this research.

There is one other explanation and that is that it is a different kind of research. The research that they are talking about is market research and development, and most of the agricultural research is production research. It may have something to do with that aspect.

● (1530)

I think the officials should come to the agriculture committee meeting prepared to answer some of those questions. If this is a tricky way for the government to get out of funding programs that have been a tradition in Canada, then I think the people of Canada ought to know. Canada has the highest health standards in agriculture and food production of any country in the world. As a matter of fact, we are the only country in the world that is able to sell livestock on a certificate, as far as I know. Every other country wants the tests of individual animals before they will allow them to move around. We can do it. We sell livestock, particularly cattle, into more countries in the world than any other nation because of the high standards that we have set. Those standards are developed and maintained by the Canadian Department of Agriculture. That is their job.

Therefore I hope that this measure is not a means of avoiding the provision of funds to maintain our standards where they are. Those standards have been of great benefit to farmers in Canada. I look forward to meeting the witnesses that we will call before the committee.

Senator Frith: You hope that it will not be as tumultuous.

[Senator Olson.]

Senator Olson: I can guarantee the chairman of the committee that I will not cause as much fuss while the amendments of this bill are going through as his colleagues did when we produced the first bill.

Senator Frith: Well done, Bud.

REFERRED TO COMMITTEE

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

On motion of Senator Berntson, bill referred to the Standing Senate Committee on Agriculture and Forestry.

COMPETITION ACT

BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

Hon. Pat Carney, moved second reading of Bill C-68, to amend the Competition Act (multi-level marketing plans and pyramid selling).

She said: Honourable senators, it is with pleasure that I rise in support of Bill C-68, to amend the Competition Act, specifically with regard to multi-level marketing plans and pyramid selling. This is a badly needed and very timely piece of legislation. According to business analysts, the direct sales and multi-level marketing industry is one of the fastest growing segments of the Canadian economy. Last year an estimated 750,000 Canadians who neither own stores nor advertise sold more than $1 billion worth of new goods—from vitamins to vacuum cleaners to cosmetics—through multi-level marketing plans.

However, until now the Competition Act has not provided adequate safeguards in the field of multi-level marketing. It has been difficult to differentiate between valid multi-level marketing plans and illegal pyramid schemes. The present wording of section 55 of the Competition Act which governs multi-level marketing has caused confusion for the public, for the multi-level marketing industry and for the courts ever since it came into effect in 1976. Current provisions of the Competition Act do not adequately address several practices associated with pyramid selling schemes. These include compensation for recruitment, inventory loading—whereby unreasonable quantities of a product are sold to a new recruit—required purchases of a product as a condition of entry into a plan, the failure to provide participants with the right to return products and the exaggeration of earnings potential by telling recruits about nonrepresentative compensation received by plan participants.

All this is about to change, thanks to Bill C-68 which clearly defines the differences between legitimate multi-level marketing and pyramid sales. The harmful practices which I have just enumerated will now be strictly prohibited. Legislative safeguards relating to inventory loading, required purchases, product return guarantees, and the disclosure of typical compensation received by participants will be put in place.

As well, a restriction of the Competition Act placed on a practice which is not harmful will be lifted. The current prohibition against bonuses paid in respect of products consumed by participants in a plan has been deleted. These proposed changes will take effect on January 1, 1993. This delayed phase-in will give companies time to make the transition to the newly defined playing field, thereby allowing them to revise their marketing strategies and bring them into compliance with the amended provisions of the Competition Act.

Bill C-68 will amend the Competition Act to simplify the section pertaining to multilevel sales and will remove the present ambiguity and uncertainty. Both consumers and the multilevel marketing industry will benefit from these changes. Consumers, as they deserve, will receive the best possible protection in the marketplace.

The approximately 750,000 Canadians involved in multilevel marketing on either a full or part-time basis will also benefit directly from the swift passage of Bill C-68. The multilevel marketing industry will be better off as a result of this simplified legislation, which will remove some of the incertainty caused by the current wording of the Competition Act. Indeed, the legislative package before us today reflects extensive consultations with the multilevel marketing industry and is strongly supported by that sector.

In addition, all provinces affected by the proposed amendment have been consulted and support these reforms. As well, the amendment before us has the support of all major federal parties. This is a measure of how well crafted and how necessary the proposals contained in Bill C-68 are.

Honourable senators, the present situation with regard to multilevel marketing should not be allowed to continue. The measures before us are the fruit of years of consultation with the industry and they are supported by all parties concerned. I fervently hope that they will be given swift passage by the Senate so that Canadian consumers and the industry concerned will benefit.

On motion of Senator Molgat, debate adjourned.

● (1540)

ELECTORAL BOUNDARIES READJUSTMENT SUSPENSION BILL

SECOND READING—DEBATE ADJOURNED

Hon. J. Michael Forrestall moved second reading of Bill C-67, to suspend the operation of the Electoral Boundaries Readjustment Act.

He said: Honourable senators, I am pleased to rise and support Bill C-67, to suspend the operation of the Electoral Boundaries Readjustment Act. Bill C-67 was introduced in the House of Commons on April 3 of this year and passed through all stages on May 1, barely a week ago.

The bill intends to suspend the operation of the electoral redistribution process for a one year period after Royal Assent unless there is a general election in progress at the time. If there is a general election in progress then the redistribution process will be suspended until 180 days after the return of the writs from that general election. In either case, the suspension is temporary, and I stress "temporary". After the period of suspension, if Parliament has not taken any other action, the act will come back into force and the redistribution process will begin anew.

The redistribution process flowing from the 1991 census has barely begun. In other words, we have not as yet invested an undue amount of effort, time, labour or, more importantly, costs in it. On April 28, 1992 the Chief Statistician filed the 1991 census data with Elections Canada. This act marked the starting point of what has been a two-and-a-half year process to revise electoral boundaries throughout the country.

The Royal Commission on Electoral Reform and Party Financing made several recommendations concerning the electoral redistribution process which the government, and I am sure all Canadians, would like to consider. There seemed no point in allowing the current process to continue when amendments, far reaching in some cases, are certainly to be contemplated. After the Lortie Commission recommendations have been thoroughly studied, amendments to the Electoral Boundaries Readjustment Act could then be proposed to Parliament so that the next redistribution will take place, not under the current rules but under the new and amended act.

I am sure honourable senators will agree that it is preferable that a bill be passed to suspend the process as soon as possible before the current redistribution progresses further.

I should make it clear at the outset that the bill would have no effect on the boundaries for the next general election, in any event. If Bill C-67 suspending the process is not passed, and the process continues under the current rules, a redistribution would not take effect until August 1994, which will be well after the next general election. That is probably as close as we have come recently to understanding when that blessed event will take place.

Honourable senators, very briefly, I think it is important to have some awareness of what the process is that we are suspending through this amendment. The Constitution Act, 1867 sets out the ground rules for readjustment of federal electoral boundaries and requires this to be done after each decennial census. As you may remember, the last census took place on June 6, 1991. The Chief Statistician of Canada collected that data and recently sent the results of the 1991 census to the Chief Electoral Officer. This is the first step in this process. Using the Constitution Act, 1867 formula contained therein, the Chief Electoral Officer is then obliged to calculate the number of seats to be allocated to each province and publish those numbers in *The Canada Gazette*.

An electoral boundaries commission is established for each province and the Northwest Territories pursuant to the present Electoral Boundaries Readjustment Act. The three members of each of the boundaries commissions are selected by the

Speaker of the House of Commons and the appropriate provincial Chief Justices.

The commission must set up the boundaries for the specified number of electoral districts so that the population of each corresponds "as closely as is reasonably possible" to the predetermined average. They are mandated by the Electoral Boundaries Readjustment Act to take into account factors such as community of interest, community of identity, historical patterns and geography. Under the current rules they may deviate from the average population up to 25 per cent, and more than that under extraordinary circumstances.

The commissions publish advertisements showing maps of the proposed boundary changes, as well as the time and location for public hearings. Each commission is required to hold at least one public hearing before completing its report. During the hearings, any interested individual, group, or Member of Parliament may appear and submit views on boundary redistribution.

Each commission must complete its report on the new electoral districts no later than one year after receiving the population data, although the Chief Electoral Officer has the authority to grant an extension of up to some six months when necessary.

The commissions' reports are then sent to the Speaker of the House of Commons who must ensure that they are tabled and referred to a parliamentary committee designated to deal with electoral matters. There is a process whereby written objections signed by at least 10 MPs may be filed with the committee within 30 days of the tabling of the report. The committee then, in turn, has some 30 days—and longer if the House is not sitting—to discuss any objections to a report and return it to the Speaker.

In accordance with section 22 of the Electoral Boundaries Readjustment Act, the committee's minutes of proceedings are then sent back to the commissions which must then decide whether or not to adjust their reports in relation to the views that have been submitted to the commissions.

The Chief Electoral Officer then drafts a "Representation Order" describing and naming each electoral district as established by the commissions and sends it to the Governor in Council. The Governor in Council must publicly announce the new boundaries in a proclamation within five days of receiving the draft representation order, which is then published within another five days in *The Canada Gazette*.

I would like to emphasize that, under the rules, the new boundaries cannot be used in an election until at least one year has passed between the date the Representation Order was proclaimed and the date that Parliament is dissolved for the purposes of a general election.

As I noted earlier, if the readjustment process under the current rules were to continue, the new boundaries for electoral districts would not be in force before mid August of 1994.

The readjustment process is required by legislation, the Constitution Act, 1867 and the Electoral Boundaries Readjustment Act. Any changes to the process can only be implemented through legislation. That is why we need to enact this bill to suspend the present redistribution process.

Let me spend a few moments on the work of the Royal Commission on Electoral Reform and Party Financing. This royal commission produced a comprehensive study of electoral issues in February of this year. It runs to four volumes and over 1,000 pages and is remarkable for the depth of its analysis and the clarity of its recommendations. Indeed for "clarity" one could substitute the word "forcefulness".

The royal commission found that the current formula for allocating seats in the provinces is, and I quote: "a recipe for increasing the inequality among provinces. Discriminating against provinces with populations that are growing relative to national population growth can only cause unnecessary friction within our country." Accordingly, they have recommended basic changes to the formula for allocating seats to enhance the equality of the vote. For the same reason, they also recommend that electoral boundaries commissions be permitted to deviate from the provincial electoral district quotients by only 15 per cent rather than by the 25 per cent factor now in place.

• (1550)

There are several other detailed recommendations concerning the redistribution process, all of which are worthy of our closer scrutiny. I cannot see the point in continuing the current process without first taking into account the impressive work done by the royal commission. Passage of C-67 will not have any influence on the boundaries for the next general election since any changes would not come into effect before mid-August of 1994. Bill C-67 simply suspends the current redistribution process to give Parliament an opportunity to consider the weighty recommendations of the Royal Commission on Electoral Reform and Party Financing.

Inasmuch as it is quite apparent from what I have said that this process has very little to do with us other than the historical purpose of our existence, perhaps there might be a disposition that, if the Leader of the Government would seek it, leave could be granted to deal with this matter in all three stages today.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, I have a question for the Honourable Senator Forrestall. Do I understand him correctly to say that if we did not pass this bill, anything that the redistribution commission did in any case could not take effect until 1994?

Senator Forrestall: Yes, the senator is quite correct. Our failure to pass this bill would cause the investment of an extraordinary amount of time and effort in going ahead with a process that is, by law, in place. What we are doing is suspending that process so that Parliament itself may look more

closely at the royal commission recommendations, a number of which will significantly affect the way in which we distribute among the provinces the federal electoral seats.

Senator Molgat: Thank you, Senator Forrestall. I noted your comment about the possibility of passing the bill through three stages right now, and you spoke to me about this matter yesterday. One of my colleagues, who unfortunately is not here, has some concerns about this matter and asked that he be given time to study it further.

My concern is that we not do anything to prejudice the position of electors in constituencies. We know that since the last redistribution there have been tremendous changes in certain constituencies in urban centres and population explosions, so that we now have constituencies with very much larger populations. While we recognize the problem is one for the House of Commons, it is also a question of democracy. We would therefore like to study this bill further. On behalf of Senator Stanbury, I move the adjournment of the debate.

On motion of Senator Molgat, for Senator Stanbury, debate adjourned.

MOTOR VEHICLE SAFETY BILL

REFERRAL TO COMMITTEE—BILL S-8 WITHDRAWN FROM TRANSPORT AND COMMUNICATIONS COMMITTEE AND REFERRED TO LEGAL AND CONSTITUTIONAL AFFAIRS COMMITTEE

Hon. John Lynch-Staunton (Deputy Leader of the Government) moved, pursuant to notice of May 6th, 1992:

> That Bill S-8, An Act to regulate the manufacture and importation of motor vehicles and motor vehicle equipment to reduce the risk of death, injury and damage to property and the environment, which was referred to the Standing Senate Committee on Transport and Communications, be withdrawn from the said Committee and referred to the Standing Senate Committee on Legal and Constitutional Affairs.

He said: Honourable senators, the Standing Senate Committee on Transport and Communications, as of last Monday, is engaged in a thorough study of Bill C-62, the telecommunications bill. I understand from its chairman that that committee has allotted all of the time at its disposal this month to that study, including a full week while we hope to be away from here, the week of May 25.

Bill S-8 is an important government bill to which we hope to have Royal Assent by the summer break. For that reason, we are proposing that we remove Bill S-8 from the Transport and Communications committee and refer it instead to the Standing Senate Committee on Legal and Constitutional Affairs. I so move.

Motion agreed to.

PRIVILEGES, STANDING RULES AND ORDERS

MOTION TO AUTHORIZE COMMITTEE TO CONSIDER PROPRIETY AND CONSTITUTIONALITY OF AMENDMENTS TO RULES OF THE SENATE—ORDER STANDS

On the Order:

> Resuming the debate on the motion of the Honourable Senator Haidasz, P.C., seconded by the Honourable Senator Thériault:
>
> That the Standing Committee on Privileges, Standing Rules and Orders be authorized to consider the propriety and the constitutionality of the changes and amendments to the *Rules of the Senate*, adopted by the Senate on June 18, 1992; and
>
> That the Committee report no later than June 11, 1992.— (*Honourable Senator Lynch-Staunton*).

Hon. Stanley Haidasz: Honourable senators, my motion has been on the Order Paper since March 25 of this year. I think it is a very important and urgent motion because I raise the matter of the constitutionality of the rules under which we are now passing legislation. Therefore, perhaps even the legislation we are passing is invalid.

May I ask the Leader of the Government in the Senate when he proposes to speak on this motion, since he stood it some time ago.

Hon. John Lynch-Staunton (Deputy Leader of the Government): Any time next week, senator. Perhaps Monday evening or Tuesday, at your pleasure. I am just putting my notes together.

Order stands.

The Senate adjourned until Monday, May 11, 1992, at 8 p.m.

APPENDIX

(*See p. 1436*)

FOREIGN AFFAIRS

FIFTH REPORT OF COMMITTEE

THURSDAY, May 7, 1992

The Standing Senate Committee on Foreign Affairs has the honour to present its

FIFTH REPORT

Your Committee, which was authorized by the Senate on Tuesday, February 18, 1992, to hear evidence and to examine and report on matters relating to national security and defence and the future roles of Canada's armed forces, respectfully requests that it be empowered to engage the services of such counsel and technical, clerical and other personnel as may be necessary for the purpose of such study.

Pursuant to Section 2:07 of the *Procedural Guidelines for the Financial Operation of Senate Committees*, the budget submitted to the Standing Committee on Internal Economy, Budgets and Administration and the report thereon of that Committee are appended to this report.

Respectfully submitted,

JOHN B. STEWART
Chairman

Appendix (A) to the Report

THE SENATE OF CANADA LE SÉNAT DU CANADA

SUBCOMMITTEE ON SECURITY AND NATIONAL DEFENCE OF THE STANDING SENATE COMMITTEE ON FOREIGN AFFAIRS

APPLICATION FOR BUDGET AUTHORIZATION FOR THE PERIOD FROM APRIL 1st TO MARCH 31, 1993

Order of Reference

Extract from the *Minutes of the Proceedings of the Senate* of Tuesday, February 18, 1992:

Resuming the debate on the motion of the Honourable Senator Stewart, seconded by the Honourable Senator MacDonald (*Halifax*).

That the Standing Senate Committee on Foreign Affairs be authorized to hear evidence and to examine and report on matters relating to national security and defence and the future roles of Canada's armed forces;

That the membership of the Senate Committee on Foreign Affairs be increased to twenty (20) members and that Rule 87(1)(h) be suspended in relation thereto; and

That the Committee present its report no later than March 31, 1993.

The question being put on the motion, it was – Adopted.

Gordon L. Barnhart
Clerk of the Senate

Extract from the *Minutes of the Proceedings of the Standing Senate Committee on Foreign Affairs*, Tuesday, March 31, 1992:

"Pursuant to Rule 97(4) of the Rules of the Senate, the Honourable Senator Roblin moved -

That a Subcommittee of the Standing Senate Committee on Foreign Affairs, to be known as the Subcommittee on Security and National Defence, be appointed;

That the Subcommittee be authorized to hear evidence and to examine and report on matters relating to national security and defence and the future roles of Canada's armed forces; and

That the Subcommittee be composed of the Honourable Senators Balfour, Cools, Corbin, Doody, LeBlanc (*Beauséjour*), Marshall, Meighen, Phillips and the Chairman of the Senate Committee on Foreign Affairs *ex officio*."

The question being put on the motion, it was – Resolved in the affirmative.

Line Gravel
Clerk of the Committee

SUMMARY OF EXPENDITURES

Professional and Other Services	$ 90,744.50
Transportation and Communications	$ 1,100.00
All Other Expenditures	$ 2,500.00
TOTAL	**$ 94,344.50**

The foregoing budget was approved by the Standing Committee on Foreign Affairs on _____, 1992

The undersigned or an alternate will be in attendance on the date that this Budget is being considered.

_____ _____
Date Chairman, Standing Senate Committee on Foreign Affairs

_____ _____
Date Chairman, Standing Committee on Internal Economy, Budgets and Administration

The Senate administration has reviewed this budget application.

Gary O'Brien — May 5/92
Director of Committees and Private Legislation — Date

P. McCuan — Mai 5/92
Director of Finance — Date

EXPLANATION OF COST ELEMENTS

Professional and Other Services (0401)			
1. Counsellor 8 hrs. per month @ $136	$ 1,088.00		
Principal Advisor 75 hrs. per month @ $78.50	$ 5,887.50		
Assistant Advisor 20 hrs per month @ $50.50	$ 1,010.00		
Dept. of National Defence interns 50 hrs per month @ $24.00	$ 1,200.00		
Secretarial & Word processing 25 hrs. per month @ $27	$ 675.00		
	$ 9,860.50 x 9 months	$ 88,744.50	
2. Meals (0415) Working lunches and dinners (10 lunches and dinners @ $200 each)		$ 2,000.00	$ 90,744.50
Transportation and Communications			
1. Courier Services (0213)		$ 1,000.00	
2. Telephone Charges (0223)		$ 100.00	$ 1,100.00
All Other Expenditures			
Utilities, Materials and Supplies			
1. Purchase of books and periodicals (0702)		$ 1,500.00	
2. Miscellaneous (0799)		$ 1,000.00	$ 2,500.00
TOTAL			**$ 94,344.50**

APPENDIX (B) TO THE REPORT

THURSDAY, May 7, 1992

The Standing Committee on Internal Economy, Budgets and Administration has examined and approved the budget presented to it by the Chairman of the Standing Senate Committee on Foreign Affairs for the proposed expenditures of the said Committee with respect to its examination on matters relating to national security and defence and the future roles of Canada's armed forces, as authorized by the Senate on Tuesday, February 18, 1992. The said budget is as follows:

Professional and Other Services	$90,744.50
Transportation and Communications	1,100.00
All Other Expenditures	2,500.00
Total	$94,344.50

Respectfully submitted,

Thérèse Lavoie-Roux
Chairman

THE SENATE

Monday, May 11, 1992

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

Prayers.

NOVA SCOTIA

PICTOU COUNTY—DISASTER AT WESTRAY COAL MINE

Hon. Lowell Murray (Leader of the Government): Honourable senators, for more than 60 hours now, the attention of Canadians has been fixed on Pictou County, Nova Scotia, where a methane gas explosion in a coal mine has caused 11 deaths and shattered hundreds of lives. The fate of 15 other miners trapped underground is still unknown.

The immediacy of television and radio coverage brought us all to Plymouth this weekend, there to join the stricken people at the pithead in their vigil. We hoped and prayed with them for a miracle. Yesterday at noon, we grieved with them in their loss. Tonight we persist in our hopes and prayers for those still underground.

The victims were mostly young, and the desolation in their families can only be imagined. In Canada and around the world sudden tragedy is familiar enough. It is the stuff of daily headlines: a fire engulfs a senior citizens' residence; a passenger aircraft crashes; a fishing boat goes down with her crew. But only in a mining town, it seems, do people live constantly with the prospect of sudden death severing their families and devastating their community with the force of an explosion ripping through rock and coal.

The history of these coal mining towns confirms the apprehension of their people, but these people are not morbid; far from it. Their way of life is one of sharing and mutual support. The community truly is an extended family. These days, one hopes the people of Pictou County may have some consolation in knowing they are also members of the Canadian family, who are with them now, sharing their pain and sorrow.

Our admiration and respect also go out to the members of the rescue teams who risk their own lives to go into the depths to try to rescue their fellow miners or to retrieve their bodies. They have been struggling since Saturday against rock and dust and gas to complete their heroic tasks.

Honourable senators, I am sure we will want to convey, through our colleagues from Nova Scotia, to the families and friends of the victims, an expression of our support and of our solidarity with them in the tragedy that has struck Pictou County and which has brought forth the concern and sympathy of all Canadians.

Hon. Allan J. MacEachen: Honourable senators, Senator Murray has expressed very feelingly the sentiments which all of us, and so many others throughout the country, feel today and have felt since the explosion at the Westray mine. Senator Murray, from personal experience and personal observation, knows his subject because, like myself, he was brought up in a coal mining town in Cape Breton. The danger to life to which he referred is one of the characteristics or one of the fears that prevail in the coal mining towns in Cape Breton and elsewhere in the province of Nova Scotia.

The disaster at the Westray Mine is another in a series of tragedies which have befallen miners and their families. The most recent involving a large loss of life occurred in Glace Bay in 1979, in which 12 miners lost their lives. Prior to that, we all remember the Springhill disaster which occurred in 1956 and involved the loss of 39 lives. Westray will now join the others such as Drummond, the Allan Shaft, No. 12 Colliery in New Waterford, No. 26 Colliery in Glace Bay, the MacGregor Mine, and others where similar tragedies have occurred.

I can only join Senator Murray in paying tribute to the courage of the rescue teams, called draegermen. These teams have played a notable role in the history of coal mining in Nova Scotia. Once again they are risking their own lives in terrible conditions to reach the lost or trapped miners.

As Senator Murray has done, I should like to extend to the families and their friends, to the community and to all of Pictou County condolences and sympathy on this sad day.

BRITISH COLUMBIA

ACCIDENT IN COAL MINING DISTRICT

Hon. Pat Carney: Honourable colleagues, we have heard from Senator Lowell Murray and Senator MacEachen of the tragedy in Nova Scotia today. I should like to inform the Senate—if you have not already heard—that late today we understand that there was an accident in a coal mine in British Columbia where one person has been reported missing. We do not know the details; we just know that, in the coal mining district in the southeast corner of British Columbia, there has been an accident that has apparently buried at least one miner under tonnes of coal.

During these expressions of condolence that we are hearing tonight, we might give a thought to our miners in southeast B.C. who are suffering the same type of sorrow.

NOVA SCOTIA

PICTOU COUNTY—WESTRAY COAL MINE DISASTER

Hon. B. Alasdair Graham: Honourable senators, I want to associate myself with those who have already expressed shock

and sorrow over the tragic events which are still unfolding in Plymouth, Nova Scotia; and, as has been pointed out by Senator Carney, in British Columbia.

All of us who grew up in coal mining communities have an understanding of the fear and the uncertainty which always exists and is a fact of life in coal mining communities and among the families of the people who live there. We have some small appreciation of the agony and the grief of the people most directly affected. While one obviously feels helpless at a time like this, we can share with the families of those still missing a sense of hope—a hope born from, and inspired by, the history of miracles which have occurred at other coal mining disasters in Nova Scotia when men were rescued six and even nine days after the first explosion.

Coal miners, as you all know, are a unique breed of people. They have a special character. On a personal note, I worked for a number of years as the Senior Vice President of the Cape Breton Development Corporation, which is responsible for coal mining operations in the Cape Breton area. When I was growing up I never had more helpful, more compassionate, more understanding friends than the coal miners who lived in the community.

The "buddy" system is legendary among coal miners, where one helps another. It is probably best exemplified, as indicated earlier by Senator Murray and Senator MacEachen, by the courageous and famous draegermen who at this moment are still risking their lives to save their buddies. While one does feel helpless at a time like this, we do express our deep sorrow and our profound sympathy and offer our prayers that the 15 missing men will be found safe, that they will be rescued and that the bereaved families—wives, mothers, fathers, brothers, sisters—and indeed the entire community will somehow find the strength to endure.

• (2010)

NATIONAL PUBLIC SERVICE WEEK BILL

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-328, respecting National Public Service Week: Serving Canadians Better.

Bill read first time.

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

On motion of Senator Lynch-Staunton, bill placed on the Orders of the Day for second reading on Wednesday next, May 13.

[Senator Graham.]

[*Translation*]

GOODS AND SERVICES TAX

PRESENTATION OF PETITIONS

Hon. Jacques Hébert: Honourable senators, I have the honour to present petitions signed by 375 residents of the province of Ontario who object to the goods and services tax.

These petitions are mostly from Oakville, Mississauga, Etobicoke, Cornwall and Brampton.

I also have the honour to present a petition signed by 120 residents of the province of Ontario who object to the goods and services tax.

These petitions are mainly from Mississauga, Oakville, Brampton. Dundas and Hamilton.

Finally, I have the honour to present a petition signed by 517 residents of the province of British Columbia who object to the goods and services tax.

Most of these petitions are from Kamloops and Tsawwessen. We have a grand total of 1,012 citizens of our country who are against the GST, especially where it undermines the very foundation of our culture, and I am referring to books and periodicals.

QUESTION PERIOD

[*English*]

GENERAL AGREEMENT ON TARIFFS AND TRADE

CURRENT NEGOTIATIONS ON ARTICLE XI—REQUEST FOR ANSWER

Hon. H.A. Olson: Honourable senators, on at least one occasion the Leader of the Government in the Senate has given an undertaking to bring to this chamber an updated résumé of where we are in the GATT negotiations. Is there any reason why we cannot have it soon?

Hon. Lowell Murray (Leader of the Government): Honourable senators, I do not have that information with me this evening, but I will try to present it some time this week.

DELAYED ANSWERS TO ORAL QUESTIONS

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable Senators, I have delayed answers to oral questions raised on March 24 by Senator Frith regarding the North American Free Trade Agreement and on May 5 by Senator Haidasz regarding the Proposed Race Relations Institute.

Hon. Royce Frith (Leader of the Opposition): Perhaps you could read the answer on the North American Free Trade Agreement.

NORTH AMERICAN FREE TRADE AGREEMENT

DRAFT TEXT—VULNERABILITY OF CANADIAN INDUSTRIES TO U.S. AND MEXICAN INTERESTS

Hon. John Lynch-Staunton (Deputy Leader of the Government): The question of substantive disciplines on subsidies in the NAFTA has been discussed—whether such provisions are agreed remains to be seen.

An important objective in previous trade negotiations has been to place limits on the ability of the United States Government to apply countervailing duties on imports of Canadian products.

One of the most significant achievements of the Free Trade Agreement was the provision for binding review of final countervailing duty determinations by binational panels. These provisions have worked well. For example, a panel overturned an affirmative injury determination by the U.S. International Trade Commission on Pork.

Improved discipline on subsidies and use of countervailing duty remedies has been a key Canadian objective in the Uruguay Round negotiations. We have in prospect a major result in this area providing for the first time a definition of subsidy. This is one of the reasons why the Government sees the early conclusion of the multilateral trade negotiations as its top trade policy priority.

Senator Frith: The definition of subsidy is in GATT, though.

Senator Lynch-Staunton: I can only read the answer, Senator Frith. I cannot comment on it.

JUSTICE

PROPOSED RACE RELATIONS INSTITUTE—GOVERNMENT POSITION

(*Response to question raised by Hon. Stanley Haidasz on May 5, 1992*)

The Government is firmly committed to the goals of improved race relations and social harmony that are the objectives behind the creation of the foundation. When fiscal circumstances permit, the Canadian Race Relations Foundation (CRRF) legislation will be proclaimed and the planned $24 million in statutory funding, including $12 million on behalf of the Japanese-Canadian community, will be allocated to this purpose.

The foundation is not the only element of the Government's strategy to eliminate racism. Our multiculturalism programs, including the race relations program, continue unchanged.

ANSWERS TO ORDER PAPER QUESTIONS TABLED

CANADIAN EXPORTS AND IMPORTS

Hon. John Lynch-Staunton (Deputy Leader of the Government) tabled the answer to Question No. 62 appearing on the Order Paper—by Senator Marshall.

CROWN CORPORATIONS—MANAGEMENT OF VALUABLE DOCUMENTS

Hon. John Lynch-Staunton (Deputy Leader of the Government) tabled the answer to Question No. 63 appearing on the Order Paper—by Senator Marshall.

ATLANTIC CANADA OPPORTUNITIES AGENCY—MEMBERSHIP OF ADVISORY BOARD

Hon. John Lynch-Staunton (Deputy Leader of the Government): tabled the answer to Question No. 67 appearing on the Order Paper—by Senator Marshall.

COMPETITION ACT

BILL TO AMEND—SECOND READING

On the Order:

Resuming the debate on the motion of the Honourable Senator Carney, seconded by the Honourable Senator Keon, for the second reading of Bill C-68, to amend the Competition Act (multi-level marketing plans and pyramid selling).

Hon. Michael Kirby: Honourable senators, in rising to speak on Bill C-68, I would like to take a few minutes to explain to you what the purpose of the bill is, what opposition there has or has not been to it, and to explain why this bill will be a very useful bill in terms of protecting Canadian consumers.

Bill C-68 is an amendment to section 55 of the Competition Act. The purpose of the amendment is to add increased power to the Competition Act with respect to being able to control and regulate a number of direct marketing practices, specifically those frequently referred to in the news media as pyramid sales.

Pyramid sales companies are distributors that make money by selling products or by recruiting others to sell products. The distributors themselves make money by receiving a commission on sales made by the sales people whom they have recruited.

It is well known that there are a very large number of companies in Canada—some 370,000 as a matter of fact —involved in the so -called direct marketing business. A great many are legitimate companies. Avon Products is one of the

most common examples. It has been engaged in direct door-to-door sales for over 50 years in North America.

• (2020)

It is also true that there are a number of companies in the direct marketing or direct selling business which have from time to time been regarded as fairly shady operators, operating on the grey edge of the law, because the law has been vague as to exactly what was legitimate and what was not legitimate business.

The shadiness or grey areas arise because there has not been a clear definition of what is legal. As a result, these companies have frequently exploited their sales staff by luring them into acting as salespersons for the company on the basis of exaggerated claims as to how much money the individual would make. In addition to attracting these individuals into the business by using exaggerated claims, companies have also required them to actually take possession of a significant amount of company inventory. The distributor requires the salesperson to buy a significant number of units of the product being sold, a number of units which frequently is far in excess of what any reasonable person would expect to sell in that salesperson's market. The net result is that it is the salesperson, not the company, who gets stuck with a significant amount of excess inventory which they are unable to sell.

It surprised me, frankly, to discover that the direct marketing business in Canada, where people go door to door and make individual sales, is an $8 billion business. I was surprised at the size of that. The direct marketing business involves 370,000 small businesses in one form or another. About three-quarters of a million Canadians are employed by these 370,000 companies. The average Canadian who buys from people who participate in direct selling buys from a substantial number of these companies. Thus we have a situation in which not only are a large number of companies involved in the business but also a large number of individuals are involved, both as consumers and as salespersons.

Section 55 of the Competition Act historically attempted to protect consumers by prohibiting some of the more pernicious practices of pyramid selling, specifically practices which involve lulling the gullible consumer into buying poor quality product and the direct salesperson into buying too much inventory. The problem with Section 55 has been that it failed to deal with some of the very specific elements of direct selling which have caused problems. For example, Section 55 does not expressly deal with the issue of excessive inventory loading. It does not deal adequately with the issue of the right of a consumer to have a guaranteed buy-back of the product if the consumer is unsatisfied with the product.

Section 55 has been found in a number of court cases to be a very unwieldy and ineffective means of attempting to protect both consumers and salespersons. As a result, the amendments contained in Bill C-68 are aimed at solving these problems by dealing with the excess zeal and selling practices of some direct marketing companies.

[Senator Kirby.]

It is an interesting observation, honourable senators, to note that the vast majority of companies in the direct selling business—and in particular the companies that are members of a trade association called the Direct Sellers Association—are completely in favour of this bill. They indeed have been urging the government to proceed with this kind of legislation for some time.

In order to be a member of the Direct Sellers Association, you must include among your conditions of sale the right of the consumer to a money-back guarantee within a certain period of time; conditions which protect the individual salespersons from having to buy excessive inventory in order to participate in the business, and so on. The Direct Sellers Association has in place a code of conduct which eliminates most of what I called a few minutes ago 'shady practices'.

• (2030)

The bill that is before you tonight, honourable senators, came about not only as a result of consultation between the Direct Sellers Association and the government, but as a result of considerable consultation with the Consumers Association of Canada, the Association of Canadian Franchisees, the Canadian Chamber of Commerce and a number of other public interest organizations. They are concerned about the negative consequences on individuals of some of the shady practices associated with the few firms in the direct selling business which have not operated in what most people would regard as a legitimate business fashion. The amendment that is before this chamber is designed to eliminate such practices.

There are two or three key elements to this amendment. The first is that the amendment puts into section 55 of the Competition Act a definition of what constitutes pyramid selling. It defines pyramid selling as a situation in which distributors receive compensation by recruiting others into the plan. Participants in the plan are then put into a position in which they are required to buy an unreasonable amount of inventory and are left in a position where the distributor will not take that inventory back. The salesperson is then stuck with the product. That is what the proposed amendments with respect to pyramid selling do for the salesperson.

With respect to the purchaser or consumer who buys a product from a direct salesperson, the bill expressly provides that there be a money-back guarantee within a fixed time period to such a consumer so that the consumer cannot be stuck with poor quality or unsatisfactory product.

Thus, the bill deals with a series of stages in the direct selling process. It starts with the way in which salespeople are recruited and the illegitimacy of the distributor's suggesting, directly or indirectly, that there is money to be made way beyond what a reasonable person can expect to earn, thereby inflating expected compensation as a means of enticing people

into the business. The bill then moves a stage further and prohibits so-called inventory loading, that is, the demand that individual salespersons buy unreasonable amounts of product from the distributor. It then moves a step further to protect the consumer by requiring that anyone selling through this kind of process be required to offer the consumer a money-back guarantee within a fixed period of time.

This bill is aimed at defining in precise legal terms what constitutes pyramid selling so that the Competition Act can now be used effectively to eliminate many of these shady practices without having a negative impact on the hundreds of thousands of legitimate companies that are in the direct selling business.

The bill has a number of positive provisions both for sales persons in the direct selling business and for consumers through the guarantee of the right to return the product and to get their money back. The act clearly distinguishes what has never been in law before. That is to say, it makes a clear distinction between legitimate and illegitimate direct selling practices, thereby making it possible for the Competition Act to be used in eliminating from the marketplace the handful of companies that have brought considerable disrepute onto a number of otherwise legitimate firms.

By way of penalties, honourable senators, I ought to point out that the amendment to section 55 of the Competition Act provides not only fines but also the option of a jail sentence not to exceed five years. It is interesting that the bill does not contain a maximum fine. Historically, a substantial profit has been made by companies in the pyramid selling business. All of the groups who made representations to the government on this bill stated that, if a case went to court the judge should have the right to set a large fine, thereby ensuring that companies did not make a profit out of this business as the result of an insignificant fine.

It is proposed that Bill C-68 come into force on January 1, 1993, because it is necessary for a number of companies to revise their current marketing plans to bring them into compliance with some of the specific provisions of the bill.

Finally, this bill has one other significant feature to it. Not only is it supported by a number of industry associations and by the Consumers Association of Canada, but it was unanimously supported in the other place by all three parties. As a result of an all-party agreement in the other place it was passed in one day at the beginning of May.

Because of the weather in Canada it is difficult to go door to door in many parts of this country in the middle of winter. Direct selling operations are greater in the summertime than they are in the wintertime. Historically, pyramid selling operations have had their largest number of sales in the summer, in part because it is easier to go door to door and in part because they have been able to recruit a number of unsuspecting individuals such as students and others to do the selling. Therefore, the government felt it important that this bill be passed immediately so that it would send a clear signal to the direct selling industry that the practices which a few shady companies have used to bring into disrepute the direct selling business will no longer be tolerated.

This is an important piece of legislation which addresses a problem with which many of us in this place have had experience. For at least the 20 years I have been involved in government, there have been examples of bad pyramid selling practices which have been inadequately dealt with by the law.

Honourable senators, Bill C-68 deals with a pressing issue, and I recommend that the Senate treat it expeditiously by sending it to the Banking, Trade and Commerce Committee so that we can hear from both the government and industry as well as from the Consumers Association. Once the commitee reports the bill, we can then give it quick dispatch.

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?

On motion of Senator Carney, bill referred to the Standing Senate Committee on Banking, Trade and Commerce.

ELECTORAL BOUNDARIES READJUSTMENT SUSPENSION BILL

SECOND READING—DEBATE CONTINUED

On the Order:

Resuming the debate on the motion of the Honourable Senator Forrestall for the second reading of Bill C-67, to suspend the operation of the Electoral Boundaries Readjustment Act.

Hon. Richard J. Stanbury: Honourable senators, I should like to add some comments to the speech of Senator Forrestall on Bill C-67.

I should tell honourable senators that my first look at this bill, even my first glance at the descriptive long title, "an Act to suspend the operation of the Electoral Boundaries Readjustment Act", gave me pause to think about some fundamental issues. I wondered whether our colleagues in the other place had given us a bill that was designed to undermine the principle of representation by population entrenched in the Constitution.

As I understand the bill, it seeks to interrupt the normal process of revising electoral boundaries for the House of Commons. Considering the implications for our system and considering its apparent incompatibility with the basis of representation demanded by our constitution, I kept looking for sound reasons for the introduction of this bill.

First, I looked at the approach that the House of Commons took in considering Bill C-67. My study of the *Debates* in the other place left me curious and a little concerned about the haste with which this bill was passed. In less than half an hour, the other place gave Bill C-67 second reading, considered it in

Committee of the Whole—without the benefit of a single witness—reported it back and gave it third reading.

Senators will remember that Senator Forrestall asked our leave to dispose of all three stages for the consideration of Bill C-67 on Thursday, asking us to forgo the benefit of committee study and deliberation. Fortunately, leave was not granted. As a result, I was given time to look into this matter in a little more detail.

I was hoping to answer some of my own questions about this bill and its consequences. It is not so much that I was suspicious of anyone's motives; rather I was and still am curious to understand the rationale for the employment of the "fast track" for this little bill, a bill that has, as I have intimated, at least the potential for constitutional implications.

For your edification, honourable senators, the regular means for the redefinition of electoral constituencies is described in section 51 of the Constitution Act as amended in 1985 and is interpreted through specific terms in sections 13 and 14 of the Electoral Boundaries Readjustment Act, 1964. Very simply, the procedure as set out provides for the use of national decennial census population figures as soon as possible to guide the Chief Electoral Officer in his determination of how boundaries, used to define the House of Commons seats, are to be redrawn to best represent the most recent demographics.

What Bill C-67 proposes, then, is to suspend the statutory time limits in place for the process of re-drawing these boundaries, essentially leaving ridings as they exist now for as much as two years longer than would otherwise be the case. Of course, the primary problem here is that it already takes a long time to go through this process. The last census, conducted in 1981, tabled in 1982, did not have expression in the democratic chamber of our government until the 1988 election. In other words, the electoral boundaries were already based on information seven years out of date as a result of the lengthy process. Bill C-67 threatens to greatly increase this period of time.

With that in mind, honourable senators, consider some of the divergences between the principle and the reality that already exist. Elections Canada has calculated that, on the basis of the 1986 interim census, at least 25 ridings exceed the permissible population variances of 25 per cent, as defined in the statute's rules. A case in point is the riding of North York near my home in Toronto. North York now has over 250,000 voters, while there are other ridings with one-tenth of that population. Certainly this derogates from the principle intended by the Constitution in the statute. Bill C-67 appears to exacerbate the problem that we already face and boosts it by deferring the principle of representation by population.

Beyond the concerns that I have just raised, my inquiries also led me to the motivation for this bill, the motivation that Senator Forrestall so articulately explained for us last Thursday. Very simply, our colleagues in the other place are showing concern for the spending of taxpayers' dollars, and we

[Senator Stanbury.]

cannot complain about that. As Senator Forrestall points out, even without this bill's adoption, the new boundaries could not be in force before August 1994. So it is the expense of the process that is a concern, and always a noble concern.

Let me explain. As I understand it, the leaders of all of the parties in the other place have agreed that a suspension of boundary readjustment is needed to enable the recommendations of the Royal Commission on Electoral Reform and Party Financing to be considered and, if necessary, implemented. As honourable senators will know, the Lortie Commission's report, which was handed down in February, has made a number of recommendations, including proposals to amend the constitution that would, if fulfilled, greatly affect redistribution.

I should add that our colleague Senator Oliver was himself a commissioner until he took his seat in this place and should therefore be a great asset to the Senate in any of our discussions on electoral reform.

Nevertheless, these recommendations are now being studied by a special committee of the House of Commons and could eventually result in changes to Canada's electoral laws, changes that would overhaul the readjustment process and render the current system obsolete. More important for our debate today, these changes would presumably make any redistribution process already begun under the old system pointless and unneeded. Of course, the point is that if changes are to be implemented soon anyway because of the commission's report, why start this process and do double the work and spend double the money, when it is not necessary?

Considering that logic, delaying the process now in place seems reasonable, practical and responsible. However, there are still too many outstanding questions, both practical and fundamental to allow the speedy passage of this bill into law without more study and more answers. For instance, from a practical perspective, how long will Canadians have to wait for readjustment in the event that reform is adopted as a result of the Lortie report? What if the report's recommendations are not accepted but, instead, are referred as a basis for further study? Will there be further delay, based on the reasons given in the introduction of Bill C-67? Certainly there are no assurances that there will even be any substantive amendments in the foreseeable future. It definitely would not be the first time that recommendations of a royal commission went unheeded.

Given that fact, the whole raison d'être for Bill C-67, the assumption of government action on electoral reform, is in question.

From a fundamental perspective, I would like to know what are the constitutional implications of this bill. I understand that the last time Parliament wanted to suspend the normal procedure—and that was during World War II—an amendment to the Constitution was enacted. Why is a similar amendment to the Constitution not necessary in this instance?

Moreover, what effect could intervening elections have on the delay mandated by this bill? How long is a reasonable amount of time for Canadians to wait for this representation? The Constitution does say that the readjustment "shall" take place "on the completion of each decennial census." How long a period of suspension does this wording allow? Could Parliament continue with the current boundaries *ad infinitum* by passing simple amending legislation?

I pose these questions, honourable senators, not as a challenge to the sovereignty of Parliament or to its authority to legislate, but because I believe that the Senate has a duty to safeguard the Constitution and uphold the integrity of its tenets. If there is even the slightest question on constitutionality, I am sure that all senators would agree that every precaution should be taken to ensure that no error is made in passing Bill C-67.

The bottom line question is: Although it may indeed be preferable to suspend the normal process in anticipation of more comprehensive reform, and especially in favour of a less expensive outcome, are the means sought in this bill appropriate and, indeed, are they completely reconcilable with all constitutional provisions?

In order that all honourable senators may have the assurance that this bill is sound in every way, I propose that Bill C-67 be referred for closer examination to the Legal and Constitutional Affairs committee; further, that witnesses be asked to provide testimony, and that the witnesses include the Chief Electoral Officer, the Minister of the Crown responsible, Mr. Lortie of the Electoral Reform Commission, and at least one legal scholar with relevant knowledge to comment on the constitutionality of the bill.

Hon. Royce Frith (Leader of the Opposition): Honourable senators, I have a couple of questions for Senator Stanbury. First, do I understand that he is proposing a reference to the committee before second reading?

Senator Stanbury: I had not thought in terms of that possibility. I really intended to see it referred on second reading, but it is a problem for us, I think, in terms of the acceptability of the bill in principle. Senator Forrestall has made a case which I think is most important, and one that has to be studied. I think probably the proper procedure for us is to accept the principle of the bill and let it go to committee.

Senator Frith: I ask because, while listening to Senator Stanbury's comments, it occurred to me that there could be a constitutional issue that goes beyond the bounds of this bill. If I understood him correctly, he feels that it is possible that the effect of this bill would be to suspend a provision of the Constitution. Therefore we could have the suspension, paralysis or freezing—whatever the word is—of a provision of the Constitution, possibly indefinitely, by a statute. If that is so, we have what is the equivalent of an amendment suspending the operation of the Constitution, but accomplished without resort to the amending formula. And if that could be accomplished with this act, what about other provisions of the Constitution that are there in principle but are implemented, given vigour or effect by legislation? If you suspend the legislation, you suspend the life of the constitutional provision. What about the Parliament of Canada Act? What if we amended it in a way that suspended some provision of the Constitution?

I have just listened to this debate and I have not had a chance to think this idea through, but perhaps the Senate could be abolished by suspending the operation of the Parliament of Canada Act. It sounds absurd, but it is, it seems to me, a possible corollary to what we are talking about here.

As I recall it, the last time we referred a bill to a committee before giving it second reading, it was in similar circumstances. It was on the motion of Senator Flynn and the legislation dealt with the acquisition by the Caisse de dépôts et de placements in Quebec of CPR stocks. That is my recollection. I have just heard this suggestion so I am speaking without having done the research. That was the problem that was being raised and was the reason Senator Flynn thought we should have a hearing before second reading of the type referred to by Senator Stanbury.

There is no hidden agenda here, honourable senators. I am not interested in holding up this legislation. My first reaction would be exactly the same, I think, as that of all senators when they first looked at this bill, and that would be to say that it deals with elections, and we are not yet involved in elections. They dealt quickly with this bill over in the other place, so why should we not pass it? But, as Senator Stanbury says, we do have a certain responsibility regarding the Constitution.

So, rather than doing anything hasty, either by way of giving the bill second reading and then sending it to committee, or sending it to committee before second reading today, I will move the adjournment so we can have an opportunity to think about what the best method is. But I certainly support the idea of the Senate informing itself about the constitutional dimension as implied by Senator Forrestall and dealt with explicitly by Senator Stanbury.

Therefore I will move the adjournment of the debate—and I have made this little speech in the course of doing so —so that we can all have a chance to think about what we should do at this stage.

On motion of Senator Frith, debate adjourned.

SPECIAL ECONOMIC MEASURES BILL

SECOND READING—DEBATE ADJOURNED

Hon. James F. Kelleher: Honourable senators, I move second reading of this bill.

The Hon. the Speaker: It is moved by the honourable Senator Kelleher, seconded by the honourable Senator Ross, that this bill be read a second time. Is it your pleasure, honourable senators to adopt the motion?

Hon. Senators: Agreed.

Hon. J. Michael Forrestall: No. On division.

Senator Frith: On what motion?

The Hon. The Speaker: Do you intend to speak to this bill, Senator Kelleher?

Senator Kelleher: Honourable senators, I am very pleased to lead off debate this evening on Bill C-53, an act to provide for the imposition of special economic measures.

Senator Forrestall: Honourable senators, on a question of privilege, I am sorry, I thought that I heard "Bill C-33" rather than Bill C-53. I certainly have no objections at all to Bill C-53. With leave of the house, I withdraw my comment with respect to "on division".

● (2100)

Senator Kelleher: I will certainly sleep more soundly having heard that withdrawal.

Honourable senators, Bill C-53 is an important piece of legislation that will improve Canada's ability to contribute effectively to peaceful multilateral solutions to international crises. Its purpose is to establish a single statutory authority that will enable Canada to apply a broad range of economic sanctions against a state, or a part of a state, when its behaviour constitutes a serious threat to international peace or security or departs from internationally accepted standards. The proposed Special Economic Measures Act will authorize the government to restrict or prohibit the import and export of goods, technology and services, the execution of financial and commercial transactions and the operation of air and sea links between Canada and the target country. The act will also allow the government to freeze assets held in Canada by the target country, its residents or nationals not resident in Canada.

The use of economic sanctions is not new to Canada, but the time has come to establish a coherent legislative framework that will enable Canada to use them more effectively. The end of the Cold War offers the international community new opportunities to use economic sanctions to maintain international peace and security. Canada and other states must seize the occasion. Recent Canadian experience demonstrates, however, that the government's authority for sanction measures is inadequate in the world of today.

When the Security Council adopted mandatory sanctions pursuant to Article 41 of the U.N. Charter, the United Nations Act allowed Canada to implement fully the measures called for by the United Nations. That act was used to implement the comprehensive U.N. sanctions against southern Rhodesia in 1968, Iraq in 1990, and the selective U.N. sanctions against South Africa in 1977 and Libya this year. Historically, however, mandatory Security Council resolutions have been the exception, not the rule. Disagreement among the permanent members of the Security Council regularly prevented the U.N. from making effective use of mandatory economic measures. Notwithstanding the end of the Cold War, the reservations held by some members of the Security Council about the use of economic sanctions promise to limit the ability of the Security Council to use them in the future.

[Senator Forrestall.]

When Canada joined other like-minded states in applying economic sanctions against Iran and the Soviet Union in 1980, Poland and Argentina in 1982, South Africa in 1985, Libya for the first time in 1986, and Haiti in October of last year, the United Nations Act was not available because the Security Council would not or could not act.

The Export and Import Permits Act has been the principal instrument for the application of economic sanctions by Canada. This act, which allows the government to control the exportation and importation of goods, was used as the basis for the sanctions against Argentina, Iran, Libya, South Africa and Haiti. However, even as an instrument for limiting trade in goods, that act has serious limitations. An international arrangement or commitment is required before imports can be controlled. When Canada sought to respond to the Argentine invasion of the Falkland Islands in 1982 by banning the importation of Argentine goods, this requirement led to a three-week delay in the application of import controls.

Beyond the authority conferred by the Export and Import Permits Act, the government has relied on moral suasion, or on its control over federal agencies and public expenditures, to take measures such as redirecting foreign aid and limiting commercial credits.

The government has little or no authority to restrict financial transactions and trades in services, to freeze foreign-held assets in Canada, or to interrupt the operation of air and sea links between Canada and other countries in pursuit of foreign policy objectives. It is here that lies the real need for the proposed Special Economic Measures Act.

Today in international economic relations, trade in services, movements of capital, and invisible operations are as important as trade in goods. Sanctions can no longer be effectively applied through control over trade in goods alone. The ability to make effective use of economic sanctions requires the authority to control, whether selectively or comprehensively, the full range of international economic relations. Without comprehensive authority to adopt economic sanction measures, Canada is limited in the contribution that it can make to the multilateral use of sanctions as a means of resolving international problems.

For example, following the coup d'état in Haiti, the Organization of American States urged all OAS members to suspend financial transactions involving Haiti and to freeze Haitian state assets within their jurisdiction. At present, Canada is severely limited in its ability to give effect to this measure. Only when the proposed Special Economic Measures Act is in force will Canada be able to implement fully the OAS sanctions.

The proposed act would have two alternative criteria for the application of economic sanctions. Measures could be taken pursuant to the act either, on the one hand, in implementation of a decision, resolution or recommendation of an international organization of states or association of states of which

Canada is a member, calling for the application of sanctions —of course, this is what would happen with respect to the Haitian situation, or, on the other hand, following a determination that, in the opinion of the Governor in Council, a grave breach of international peace and security has occurred that has resulted or is likely to result in a serious international crisis.

The first threshold will allow, but not require, Canada to give effect to the decisions of international organizations and associations of states to which it belongs. It reflects long-standing Canadian policy of applying sanctions only when there is broad international agreement on their necessity and usefulness. There is good reason for that policy. Economic sanctions are more likely to influence the target state when there is broad international commitment to them.

Senator Frith: Sorry. I did not hear the verb, senator. You said, ". . . more likely to . . ."?

Senator Kelleher: I am not the author of this speech.

Senator Frith: I was not quarrelling, but I did not hear the word. They are more likely to do what to the state?

Senator Kelleher: Economic sanctions are more likely to influence the target state. The verb, I believe, was "influence".

Senator Frith: That is what I did not hear.

Senator Kelleher: Moreover, by acting multilaterally, Canada can insist that the burden of sanctions be shared and avoid placing Canadian businesses at a disadvantage in relation to their foreign competitors.

The second threshold will allow Canada to act unilaterally in rare situations of extreme gravity where measures must be taken unilaterally pending action by the international community. The Iraqi invasion of Kuwait is a perfect example of such a situation. Although Iraq invaded Kuwait on August 2nd, 1990, it was not until August 6th, 1990, that the United Nations Security Council, acting with the utmost dispatch, adopted Resolution 661 calling for the application of economic sanctions against Iraq.

In an age of nearly instantaneous international telecommunications and capital movements, there will be situations where the effectiveness of sanctions will be seriously undermined unless states are able to act quickly in imposing sanctions. In situations of extreme gravity and urgency, the proposed Special Economic Measures Act will enable Canada to act both quickly and forcefully pending the establishment of international measures.

Once the government has decided to apply sanctions under the proposed act, measures will be taken through orders and regulations. This flexible approach has been adopted because sanctions have been and will be applied in a wide variety of circumstances, the details of which are impossible to foresee.

While economic sanctions are a valuable foreign policy instrument, they must be used with discernment. Economic sanctions can serve a number of objectives. Their purpose may be to compel the target state to act in a particular way, or it may be to express outrage or to deter future actions.

Sanctions can be used in addition to or in place of other political or diplomatic measures. When used effectively by the international community, economic sanctions can be a real alternative to the use of armed force in some situations. However, measures used for one purpose may be ineffective, or even counterproductive, for another. Measures must be chosen to suit the objectives of the sanctions.

● (2110)

Every time the government considers applying economic sanctions, it will need to address complex policy issues. The kinds of sanction measures to be imposed, their likely effectiveness, their cost to Canada and the precedents created will need to be examined on each and every occasion in light of the particular prevailing circumstances. The scheme of the proposed act will enable the government to weigh a variety of options and choose those measures most appropriate in each particular circumstance. The proposed act's flexibility will also enable the government to exclude from sanctions, where appropriate, activities justified by humanitarian considerations such as shipments of food and medicine, or compelling economic interests.

The government will be accountable to Parliament for its use of the discretion conferred by the proposed act. Every order and regulation imposing sanctions will have to be tabled in each house of Parliament within five days of its making. If a house is not sitting, the tabling must take place within five days of the day on which the house resumes sitting. Once tabled, each order and regulation will be subject to revocation or amendment on the motion of 20 senators or 50 members of the House of Commons. Every such motion will have to be debated and brought to a vote. Moreover, once orders and regulations cease to have effect, the government must report to Parliament on operations under those orders and regulations.

In some situations, economic sanctions applied by Canada might have adverse effects on persons and businesses in Canada. Although the Canadian experience with the application of economic sanctions has, in the past, given rise to little call by Canadians for compensation, the possibility of claims in the future exists. Provision for this eventuality is made in Bill C-53 through the establishment of a procedure that can be used for handling claims, where appropriate.

The Secretary of State for External Affairs would be responsible for the administration and enforcement of the *Special Economic Measures Act*. Other ministers may be asked to discharge specific responsibilities. Given the variety of sanction measures that could be taken, it is inevitable that a number of government departments and agencies will be involved in the administration of the act.

Honourable senators, I have highlighted the need for the proposed *Special Economic Measures Act* and some of the

major elements of Bill C-53. I hope that my honourable colleagues recognize the value and importance of this timely bill and see fit to give it prompt passage.

On motion of Senator Molgat, debate adjourned.

NATIONAL DEFENCE ACT

BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

Hon. Orville H. Phillips moved the second reading of Bill C-77, to amend the *National Defence Act.*

He said: Honourable senators, my remarks on Bill C-77 will be brief, as usual. I assure you that they will be as lucid as ever.

The bill contains a small number of amendments, but they are important amendments. There is also a degree of urgency to having the amendments passed. The amendments are designed to bring the military justice system in line with the Charter of Rights and Freedoms as it was interpreted by the Supreme Court of Canada in February of this year.

The military justice system exists to ensure that the armed forces maintain a high standard of discipline. Napoleon said that an army marched on its stomach. Modern military historians tell us that the well-disciplined force is the most effective in time of strife and tension.

Many of us would like to think that we are coming to the day when armed forces will no longer be necessary. The recent announcement of Gorbachev in the United States that the cold war is over leads us to hope along those lines. However, honourable senators, we must remember that there is still a danger of conflict, and we must maintain armed forces that are effective and disciplined.

Because our armed forces operate in various areas of the world under differing conditions, they must have their own separate military system of justice. It simply would not be practical for the armed forces to refer their cases to the civilian courts, especially when our armed forces are operating in foreign countries and the offenses are occurring on a Canadian military base.

Senator Frith: Was the word "practical"? Again, I missed the word.

Senator Phillips: Yes. Canada has always had its system of military courts or tribunals. It is interesting to note that the Supreme Court of Canada, in its decision, did not criticize the existence of the military courts but, rather, recognized that there was a need for military courts and, if necessary, that the military courts should continue in their present pattern of participating in the sentencing that followed the conviction in court.

The military court system has different levels, as do civilian courts. The commanding officer of the unit has the power to hand out minor sentences in the case of a summary conviction. For the more serious offenses—and perhaps we could say for the more senior offenders—there is the forum of courts martial.

The courts martial involve judges sitting alone. Then there are two types, a disciplinary court martial and a general court martial involving a judge advocate, who is the president of the court, and officers who constitute, in effect, the civilian jury. It was this aspect of the constitution of the court that the Supreme Court questioned. The convening authority or the senior military officer in the area convenes the court martial and appoints the prosecutor and the members of the court. In effect the convening authority appoints the judge, the prosecutor and the jury.

● (2120)

The Supreme Court felt that any reasonable individual could anticipate that the convening authority, by selecting these people, would be exercising undue influence on the judicial function of the court. In fact, the main amendment in Bill C-77 is a proposal or direction that the appointment of the president, the members of the court and the prosecutor be carried out by an officer designated for that purpose. This particular individual will have no connection with the disciplinary process. This will, in effect, make the military court functionally independent.

There are several other minor amendments. They all have the same purpose; that is, to increase the distance between the convening authority and the military court. For example, previously the convening authority could stipulate the number of members on the court. Now the number is fixed at five and three, depending on whether it is a general court martial or a disciplinary court martial.

The courts martial will now be unable to prohibit the public from attending except in a few limited cases. This is similar to the procedure followed in civilian courts. One other minor amendment now allows both the prosecution and the defense to object to members of the court. Again, this brings the procedure into line with the civilian procedure where both the prosecution and the defense may object to a particular juror. In this case, with good reason either can object to an officer serving as a member of the court. As I stated, all these changes have been made to make sure that the courts martial to the requirements of the Charter and the direction issued by the Supreme Court of Canada in February of this year.

The decision of the Supreme Court halted all court martial procedures in the armed forces. They had to suspend their activities until they could meet the requirements of the Charter of Rights and Freedoms as directed by the Supreme Court of Canada. Consequently, we have a backlog of a number of cases, some of them rather serious, that has built up, and the longer we delay passage the greater the backlog will become. Therefore, I urge all honourable senators to follow the example of the House of Commons and give this piece of legislation early passage to allow the military justice system to resume operation.

On motion of Senator Molgat, debate adjourned.

[*Translation*]

SPENDING CONTROL ACT

SECOND READING—DEBATE ADJOURNED

Hon. Gérald J. Comeau moved the second reading of Bill C-56, respecting the control of government expenditures.

He said: I welcome this opportunity to lead off the debate on second reading of Bill C-56, respecting the control of government expenditures.

This bill is a vital part of the government's commitment to build a stronger Canadian economy by controlling the deficit and the heavy burden of the public debt.

We have no doubt that Canadians across the country support this objective. They know the money government spends is their money, and they want governments to spend less. Canadians also want the federal government to exercise more spending restraint.

They also want the assurance that the federal deficit can and will be reduced and that increasing taxes will not be the sole means of achieving this objective.

The Spending Control Act provides those assurances, in a fairly simple way. For the first time in Canada, a government is legislating spending limits. Perhaps I may point out that these limits provide for considerably tighter control of spending than comparable legislation in the United States, either the 1990 Budget Enforcement Act or its predecessor, the Gramm-Rudman Hollings Act.

Before explaining the substance of the bill, I would like to recall the circumstances in which the government announced its intention to introduce this legislation in the February 1991 Budget.

[*English*]

● (2140)

Beginning in the mid-1970s, Canada experienced increasing federal fiscal deficits and rapidly rising debt—with all the economic, fiscal and social problems that increasingly flow from such a situation.

The federal deficit increased from $2.2 billion in 1974-75 to a peak of $38.5 billion in 1984-85. Over the span of the same 10 years, the public debt rose from $28 billion to $200 billion. Since then, largely as a result of compounding interest on that $200 billion, the debt has grown to more than $400 billion. The source of the rising deficit and debt from the mid-1970s to the mid-1980s was quite clearly an uncontrolled growth in program spending. Here are some of the key figures:

> During the five-year period 1969-70 to 1973-74, program spending averaged 16.5 per cent of the gross domestic product. By 1984-85, it had risen to 19.6 per cent—a higher level than at any time since the Second World War. For each tax dollar that Ottawa collected in 1984-85 $1.33 went out in "program" spending.
>
> Over the same period, budgetary revenues as a share of GDP declined from an average of 17.3 per cent to 16 per cent in 1984 -85. As a result, the operating balance—the difference between budgetary revenues and program spending—deteriorated by 4.4 percentage points of GDP. Seventy per cent of this deterioration was due to increases in program spending.
>
> Reflecting this imbalance between spending and revenues, public debt charges as a percentage of GDP rose from 2.1 per cent in the 1969-70 to 1973-74 period to 5 per cent by 1984-85. The federal deficit rose from 1.3 per cent of GDP to a peak of 8.7 per cent by 1984-85.

What these figures make clear is that growth in spending in the decade leading up to the mid-1980s was the primary source of Canada's fiscal difficulties. This, in turn, is why from 1984-85 onwards, the government has given first and continuing priority to restraining spending. I would like to document this priority, if I may.

> Between 1984-85 and 1990-91, program spending increased by only 3.6 per cent per year, less than the average rate of inflation of 4.4 per cent and only half the average nominal growth in the economy. In effect, program spending has been cut in real terms.
>
> As a percentage of GDP, program spending is back down to 16 per cent from 19.6 per cent in 1984-85—its lowest level in 20 years.
>
> This restraint in program spending has allowed the government to achieve a turnaround in its operating balance—from an operating deficit of $16 billion to a surplus of $11.9 billion in 1990-91. More than two-thirds of this improvement in the operating balance comes from spending restraint and less than a third from increased revenues.

Despite the considerable progress we have made, we must still do more. As a result of the turnaround in the government's operating balance, every dollar of our current deficit goes to pay interest charges on the public debt. In other words, we are paying now for the spending of the late 1970s and early 1980s. We are paying for that excessive spending with dollars we could otherwise be using to help recover from the recession, to fund desirable programs in a way we can no longer afford, or to reduce the tax burdens we are placing on Canadians.

This, then is the context in which the government has brought forward the Spending Control Act.

The bill imposes a ceiling on all government spending for the five years from 1991-92 to 1995-96. This means that all spending except for specific, limited exemptions to ensure effective management of operation. The ceiling for each of the five years is the spending projections set out in the fiscal plan brought forward in the February 1991 budget.

[*Translation*]

This bill builds on what went before, in that many of the restrictions are meant to respect the proposed spending ceilings that have already been put in place. It also strengthens the spending control plan found in the 1990 Budget and extended in each of the next two budgets.

The bill also supports the Debt Servicing and Reduction Act in a way that ensures the complementarity of the government's deficit- and debt-reduction objectives. In addition, it forbids increased borrowing and higher taxes to pay for program spending above the set ceilings. At the same time, the Debt Servicing and Reduction Act guarantees that all revenue from the GST and the net proceeds from sales of assets will be used for debt service and then to reduce the debt itself. In other words, these funds cannot be used to finance new programs.

With these measures, the government is consolidating the progress made so far in reducing spending as a percentage of the economy and is giving effect to the other reductions provided in the 1991 Budget.

[*English*]

I would like to touch briefly on some of the key provisions of the bill that will help to achieve these ends.

> With limited exceptions, overspending in any year will have to be offset by program spending reductions within the following two fiscal years.
>
> If spending limits are exceeded, the Minister of Finance will have to announce before or in the next budget how the excess will be recovered.
>
> With just four exceptions, all self-financing programs are included in the spending limits. The bill does not constrain the most important stabilizer in our economy, the Unemployment Insurance Account. Three farm insurance programs are also exempt to a degree, in that federal advances to cover deficits of these programs will not be subjected to the spending limits. These programs are the Agricultural Commodities Stabilization Accounts, the Gross Revenue Insurance Fund and the Crop Re-insurance Fund. All other self-financing programs will come under the limits.
>
> A budget that is not consistent with the Spending Control Act could not be presented unless, at the same time, legislation is presented to amend the act.

It has been suggested that the government could resort to increased tax revenues to get around the program spending limits. That is not so. The purpose of the Spending Control bill is to prevent increases in program spending which, in turn, would result in a higher tax burden for Canadians. The purpose is not to deny lower taxes if the overall economic and fiscal position is such that tax decreased are warranted.

The Spending Control bill will give Canadians assurances that the government is determined to rein in the growth of program spending. It will make the whole process of spending restraint more visible. It will play an important role in helping to reduce the deficit and ultimately bring the public debt under control. This is the essential foundation for a goal we all seek, which is to see the Canadian economy return to the path of strong, sustainable growth and job creation, and stop mortgaging the future of our children and grandchildren.

Hon. Philippe Deane Gigantès: Would the honourable senator accept a question or two? Did the honourable senator have an opportunity to listen to the former premier of Alberta, the Honourable Peter Lougheed, who stated this morning that he had supported the free trade agreement, assuming that the government would keep the Canadian dollar at 78 cents, but that he thought the policy of maintaining the 86 cent dollar was disastrous?

● (2140)

Of course, to keep it at 86 cents, interest rates were kept high. For each percentage point in higher interest rates, the deficit increased by $3 billion. We had the highest interest rates available. This government inherited a debt of $200 billion and will probably leave us a $300 billion debt because of its interest rate policy.

Would the honourable senator opposite care to discuss Peter Lougheed's opinions on interest rates and high dollars?

Senator Comeau: Honourable senators, I make it a habit never to comment on newspaper articles which I have not yet had a chance to read, or the quotations that are presented therein. Thank you.

Senator Gigantès: Would the honourable senator kindly read the transcript of Peter Gzowski interviewing Peter Lougheed this morning? Could you listen to that and perhaps enlighten us a little more about the government's views tomorrow?

Senator Comeau: Honourable senators, I will probably read the transcript of the interview with great interest and relish, but I do not think it has any relevance to the program spending limit bill that we are now presenting.

Senator Gigantès: Well, along with program spending limits, if you also lowered interest rates, or if you had lowered interest rates and used other means of combatting inflation, then we would not have this national debt mess. Other means do exist. One has to ask why your government picked that solution. The answer is: because its rich friends are those who have money to lend, and those who have money to lend make more money when interest rates are higher.

Senator Comeau: If the honourable senator had listened to the comments I made earlier, he would have noted that most of the interest payments that we are making now have been caused by the increased spending of the past, over the 1974 to 1984 period. I look forward to the honourable senator's suggestions when this bill is referred to committee.

Senator Gigantès: Would the honourable senator also promise to read the story about Joseph and the pharaoh's

dream in the Bible? The pharaoh dreamed of seven thin cows eating seven fat cows. He asked all his bureaucrats, the Paul Telliers and John Crows of the day, to tell him what the dream meant. Nobody could answer. He said, "Do we not have a good Jewish consultant anywhere?" They brought him Joseph. Joseph said, "Divine Majesty, it is quite simple. Seven good years are followed by seven bad years. During the seven good years, you should put money aside to have available to spend during the bad years."

Your government did not put money aside during the boom it inherited in 1984. When this recession hit, your government put on a high dollar with high interest rates, destroyed our export trade, and lost the revenue base.

Senator Comeau: Honourable senators, I do not often refer to the Bible when I plan my speeches, so therefore I have not recently read the parable referred to. However, I do know we are trying to avoid the 1974-84 cash-cow period, because we do not want to carry on the mistakes that were made during that period.

Hon. Allan J. MacEachen: Honourable senators, I can virtually repeat the speech I made when Senator Simard produced the debt reduction bill which heralded the expenditure control bill we received tonight.

When I heard Senator Comeau speak tonight, I was reminded of Marvin Fitzwater, the press secretary for the President of the United States. When confronted with a request to explain the riots and fires in Los Angeles, he said, "Well, it is all due to the policies followed by previous governments in the 1960s and 1970s." He totally absolved President Reagan and President Bush of any responsibility for the occurrences in Los Angeles.

Tonight we again have a repetition of the line which has now become the currency of the government and the Department of Finance: The difficulties which face the country today are totally the responsibility of the government in the 1970s and the early 1980s. Indeed, although the present government has been in office for eight years, it has found itself incapable of having any influence upon the fiscal management of Canada. It has thrown up its hands and said, "We are governed by what happened 10 or 15 years ago."

Senator Frith: Except when they can find some good news, which is rare.

Senator MacEachen: I do not know whether the argument will have any impact. Certainly, every poll I read says the Canadian public has concluded that the responsibility for the present situation rests at the feet of the government, that it is responsible for economic and fiscal management and therefore it ought to have done something about it.

No matter how the situation is laundered, no matter how frequently senators say, "We have made great progress, and we have further plans for the future," they cannot erase two important facts. The first fact is that the deficit today is substantially the same as the deficit which existed when this government came into office.

Tonight we again heard reference to 1984-85 and a $38 billion deficit. Maybe 38.6 was the reference. Senator Kelly made this statement a year or so ago, and it was made by Senator Simard just a few days ago. I invite the three senators to go to the first statement made in the fall of 1984 by the Minister of Finance, Mr. Wilson, in which he stated that the deficit he inherited was some $34.5 billion. The year 1984-85 was a split year. The new government was in office for half the year and the former government for half the year. Mr. Wilson, after having become Minister of Finance, after having explored the facts, said that $34.5 billion was the deficit for 1984-85. Subsequently, he reported it as $38 billion. However, he did say in the fall of 1984, "The deficit we inherited is $34.5 billion." Why add four or five billion dollars in order to launder the situation and smooth it over? To my knowledge Mr. Wilson has never corrected that statement.

● (2200)

The deficit has been hovering at around $30 billion to $32 billion. I say it is about the same. Certainly, in the interim, with the growth in the gross national product and with the growth in the economy, I am justified in saying that it is just about the same. Why do senators opposite try to fight on their weakest ground? That is what I wonder. The fact is there.

We have had the other embellishment of fiscal presentations, namely, why very little progress has been made on the deficit, even though the Minister of Finance predicted that the deficit would be about $15 billion. That was not a Liberal projection. He had all the facts and said, "Yes, I looked to the future and by 1990 the deficit will be about $15 billion or $16 billion." It is now over $30 billion.

Why did that happen? It happened principally because of policies followed by the Minister of Finance and the Governor of the Bank of Canada. I have gone into all that before. We recognize the reality that the deficit is at about where it was earlier.

There is now a new element called the operating balance. It is argued that we have produced a surplus of revenue over expenditure; but the deficit has remained the same. We segregate all expenditures and create a wall around debt service payments which then becomes the deficit. I dealt with that two years ago, when I quoted the president of the Royal Bank of Canada who poured scorn on the Department of Finance and on the government in attempting to escape the reality of the deficit by referring to an operating balance. "What difference does it make?", he asked. "It is a burden that has to be carried by the country. It is a pay-out which is still there."

He asked, "What difference does it make?" I ask what difference does it make to put forward this operating balance, except that it is an effort to show that the present government has had no responsibility for the deficit?

I do not know why honourable senators opposite fight on that ground either. They talk about the debt which has more than doubled since 1984-85, and the government is still repeating these comments.

I did not intend, when I rose, to make any point other than the point about the size of the deficit was when this government came into office. I intend to give you the correct quotation from the former Minister of Finance when I resume my comments on this bill, in the expectation that you will respect him and the next time you make your speeches you will talk about a deficit, not of $38 billion, but of $34.5 billion when you formed the government.

I am ready to give you credit for the slight change in the size of the deficit in the intervening years. It is just about the same.

I will resume my remarks at the first opportunity after I have had a chance to read the intricate percentages which have come from that unspecified author mentioned by Senator Kelleher.

On motion of Senator MacEachen, debate adjourned.

COASTING TRADE BILL

SECOND READING—DEBATE ADJOURNED

Hon. Eileen Rossiter moved second reading of Bill C-33, respecting the use of foreign ships and non-duty paid ships in the coasting trade.

She said: Honourable senators, I am pleased to begin debate on Bill C-33, respecting the use of foreign ships and non-duty paid ships in the coasting trade of Canada. This bill is intended to bring Canadian coasting trade legislation in line with the deregulated and modern business environment that prevails in Canada today.

The Government of Canada is committed to working in partnership with our industries for the betterment of all Canadians, and modernization of marine legislation goes along with that goal.

The purpose of the bill is to reserve what is commonly called the "coasting trade" to Canadian ships in all waters over which Canada has jurisdiction and including waters above the Canadian continental shelf.

The bill reserves all commercial marine activities to Canadians ships within the 12-mile territorial sea and the internal waters of Canada. In the offshore—that is, in waters beyond the territorial sea above the continental shelf—all commercial marine activities related to the exploration and exploitation of non-living natural resources are reserved to Canadian ships.

At the present time, coasting trade activities in Canada are governed by Part X of the Canada Shipping Act. Certain other activities carried out by ships in Canadian waters are regulated by the Customs Act.

The Canada Shipping Act defines "coasting trade" as "... the carriage by water, or by land and water, of goods or passengers between two places in Canada, either directly or by way of a foreign port." Under that legislation, such carriage is reserved to British ships, which include all Commonwealth ships. Honourable senators, the time has come to modernize this legislation. For one thing, the concept of a British ship has changed since the British Commonwealth Merchant Shipping Agreement was terminated in 1979. In 1982, the Law of the Sea was adopted by an international convention, and the Customs and Excise Offshore Application Act was passed in 1983. All these events, along with others, have impacted upon the Canadian coasting provisions, making it necessary for new coasting trade legislation to be adopted.

[Senator MacEachen.]

The current provisions were established in 1934 and were amended in 1966, 1983 and 1987. Since 1934, a number of things have changed. The most obvious, of course, is the offshore oil and gas developments which were not even thought of in 1934.

An important part of both the present and proposed legislation is the system that provides for the Minister of National Revenue to issue a coasting licence to foreign ships to engage in the coasting trade of Canada if no suitable Canadian ship is available.

I will speak further about the licensing system in a moment, but before proceeding in that direction I should point out that a predecessor to this bill, Bill C-52, was considered during a previous session of Parliament and was passed by the other place. However, concerns raised in the Senate regarding the treatment of cruise ships delayed the bill until that session was prorogued.

These concerns have now been resolved in Bill C-33 by defining coastal trade in such a way that a cruise vessel carrying passengers from Vancouver to Alaska and back to Vancouver would not be engaged in the coasting trade in Canada. In other words, as long as a cruise vessel calls in at a foreign port and comes back to the Canadian port of origin, that vessel is engaged in international shipping. It is important to note that the definition requires the cruise ship to return to the port of departure and to make a call to a foreign port. Otherwise, the vessel would be coasting in Canada.

This provision does not apply to the Great Lakes and to the St. Lawrence River west of St. Lambert Lock, thereby protecting the important tour boat industry operating day cruises in the Thousand Islands region and on the Great Lakes. Consequently, any cruise ship embarking passengers in a Canadian port west of St. Lambert Lock is considered to be coasting in Canada, whether or not that vessel calls at a foreign port.

As stated earlier, Bill C-33 reserves the Canadian coastal trade to Canadian ships. However, honourable senators, we must appreciate that there is not always a suitable Canadian ship available or capable of carrying out all of the required activities. Thus Bill C-33 retains the possibility of allowing the issuance of a coasting license to a foreign ship or to a non-duty-paid ship. This provision is similar to the existing waiver system.

Bill C-33 goes further by establishing a pecking order if there are no suitable Canadian ships available. In such cases, first priority is given to vessels known as non-duty-paid ships

and second priority to foreign ships. A non-duty-paid ship is a foreign-built and Canadian-registered ship on which all applicable duties and taxes have not been paid. As a result of certain adjustments to the Canadian customs regulations, a Canadian ship managed from Canada and involved in the international trade is not subject to the payment of duty and taxes. This pecking order gives a priority to such vessels.

There are a number of exceptions in this bill. For one, a specific exemption is granted to foreign ships used as fishing vessels as defined by the Coastal Fisheries Protection Act, as well as to ships engaged in any ocean research activity commissioned by the Department of Fisheries and Oceans.

Similarly, exemptions are made for ships operated or sponsored by a foreign government and authorized by the Secretary of State for External Affairs. These exemptions will ensure a minimum of conflict with other legislations.

To be consistent with the Law of the Sea Convention, an exemption is provided to salvage operations in waters that are beyond the territorial sea of Canada and above the continental shelf of Canada. It also exempts salvage by U.S. flag ships in waters contiguous to the United States as permitted by our Canadian legislation known as "The United States Wreckers Act". A reciprocal treatment is granted to Canadian ships to salvage ships in U.S. waters contiguous to the Canadian border.

During the period since Bill C-52 died on the Order Paper, it was determined that there is a need to ensure that no confusion exists during a marine environmental pollution emergency. Thus there is a specific provision in Bill C-33 that permits a foreign ship, with the approval of a pollution prevention officer, to engage in activities related to a marine pollution environmental emergency.

The bill also recognizes the normal maritime practice whereby, in both the offshore and in Canadian waters, ships assisting persons, ships, or aircraft in distress will not be subject to the provisions of this bill. The government does not expect any misunderstanding or conflict over this practice.

Another straightforward aspect deriving from this legislation is that the registration requirements for ships will be compatible with the Canadian customs regime. In fact, this bill will ease the situation for those wishing to operate ships in Canadian waters and waters above the continental shelf of Canada by clarifying the registration requirements which must be observed.

To summarize, honourable senators, the proposed Coasting Trade Act will extend the jurisdiction of current coastal trade laws to include:

1. All commercial marine activities within 12 miles with the exceptions noted.

2. All commercial marine activities related to resource exploration or exploitation out to 200 miles or the outer edge of the continental shelf, whichever is the greater, again with the exceptions noted.

The bill protects the operators of Canadian flag ships wishing to work within Canadian waters and on the continental shelf. In cases where a Canadian shipper cannot find a suitable Canadian vessel to carry out a required activity within Canadian waters, that shipper will have the opportunity to have access to a foreign ship available to respond to the demand.

At the same time, allowance is made for international cruise ships to operate without meeting the requirements of the Coasting Trade bill. As a consequence, cruise activities in Canada will be given the opportunity to grow and develop, and jobs for Canadian ships' crews will be protected. As market conditions improve, more job opportunities will be created for ships' crews and those in related industries.

Honourable senators, these are the goals and objectives of Bill C-33. However, prior to completing my remarks, I would like you to be aware that, despite the long period of negotiation among the interested parties and the massive amount of work put forward in the preparation of this bill, various amendments still had to be made in the other House prior to third reading. These amendments were generally supported by the shipping industry and, more specifically, by the cruise industry with respect to the clarification of the definition of coasting trade.

The minor amendments to the definition were made in order to ensure that cruise ships would be entitled, without any single doubt, to call at Canadian intermediate ports en route to or from the foreign port as long as all passengers reboard the vessel prior to the departure for the next port, or they are transported by land to another location to reboard the same ship.

A consequential amendment revoking the powers in the Customs Act to define "coasting trade" was made in response to requests from industry.

An amendment was made to require the National Transportation Agency, in its search for suitable Canadians ships with respect to an application for the temporary importation of a foreign cruise ship, to ensure that no adequate and similar service exists, regardless of whether the service is regularly scheduled or operating on demand.

I have no doubt that other senators will have comments to make. However, I believe that you will find that Bill C-33 is a great improvement when compared to Bill C-52, and that the time has come to bring our important coasting trade legislation up to date. During third reading in the other place, both government and opposition members supported the bill. I believe that it addresses many of the concerns of our industries and will be of benefit to all those engaged in this vital aspect of our economy, including shipowners and shippers.

Hon. Philippe Deane Gigantès: May I ask the honourable senator a question? Did I understand correctly that, before leasing a foreign ship for coastal trade, a Canadian who wished to lease such a ship would have to establish and prove that he could not find a suitable Canadian vessel?

Senator Rossiter: A suitable vessel in Canadian coastal waters?

Senator Gigantès: Yes.

Senator Rossiter: I do not think I can answer that question now. I would rather see it in writing and then get an answer for the honourable senator, if that is satisfactory.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Will the honourable senator permit a further question? Did I understand her to say that the bill received the support of all parties on third reading in the other place?

Senator Rossiter: That is what I said. During third reading in the other place, both government and opposition members supported the bill.

Senator Molgat: I will have to check my notes then, because my impression was that there was a voice vote and that there was opposition. However, I will check that.

If no other honourable senators wish to speak, I move the adjournment of the debate.

Hon. J. Michael Forrestall: I wonder if the honourable senator would permit me to speak. I erred earlier with my colleague because I had misheard.

I have serious objections to two or three aspects of this bill. I would ask, if I may, whether or not my distinguished colleague has satisfied herself that this bill indeed, among a lot of others, is worthy of support.

I have four major concerns. Does this bill, in fact, comply with and satisfy the requirements of other legislation that deals with the right to work in Canada? This is not the bill which died on the Order Paper in this learned chamber in 1988. It is quite a different bill. Has my colleague satisfied herself that this bill deals fairly with the rights of Canadians to work in Canada, the requirement of non-Canadians to work in Canada, and the capacity to pick up the phone and say that there appears to be no vessel suitable to the requirements laid out? There is no requirement, in fact and in practice, for the agency to go any further than that. Has my colleague satisfied herself that this bill, in fact, protects the right of Canadians to be employed in Canadian jobs, in Canada, under Canadian laws?

Senator Rossiter: It is my understanding that the National Transportation Agency will be keeping a registry of ships and will know which one has the priority, which one has the capability, and all the rest of it. I am sure that this matter can be addressed more thoroughly when the bill goes to committee.

Senator Forrestall: I am at a loss, honourable senators. I would like to take the adjournment of the debate myself.

The Hon. the Speaker: Senator Molgat has that motion on the floor.

[Senator Gigantès.]

On motion of Senator Molgat, debate adjourned.

[*Translation*]

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

NINETEENTH REPORT OF COMMITTEE ADOPTED

The Senate proceeded to consideration of the Nineteeth Report of the Standing Committee on Internal Economy, Budgets and Administration (Budgets—Senate Committees), presented on May 7, 1992.

Hon. Thérèse Lavoie-Roux: Honourable senators, I move the adoption of the Nineteenth Report of the Standing Committee on Internal Economy, Budgets and Administration.

Motion agreed to and report adopted.

TWENTIETH REPORT OF COMMITTEE ADOPTED

The Senate proceeded to consideration of the Twentieth Report of the Standing Committee on Internal Economy, Budgets and Administration (Budgets— Legal and Constitutional Affairs), presented on May 7, 1992.

Hon. Thérèse Lavoie-Roux: Honourable senators, I move the adoption of the Twentieth Report of the Standing Committee on Internal Economy, Budgets and Administration.

Motion agreed to and report adopted.

TWENTY-FIRST REPORT OF COMMITTEE ADOPTED

The Senate proceeded to consideration of the Twenty-First Report of the Standing Committee on Internal Economy, Budgets and Administration (Budgets—Banking, Trade and Commerce), presented on May 7, 1992.

Hon. Thérèse Lavoie-Roux: Honourable senators, I move the adoption of the Twenty-First Report of the Standing Committee on Internal Economy, Budgets and Administration.

Motion agreed to and report adopted.

[*English*]

BANKING, TRADE AND COMMERCE

TWELFTH REPORT OF COMMITTEE ADOPTED

Resuming debate on the consideration of the Twelfth Report of the Standing Senate Committee on Banking, Trade and Commerce (draft regulations re Financial Institutions—Interim Report), presented in the Senate on 5th May, 1992.

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, I move the adoption of this report.

Motion agreed to and report adopted.

LEGAL AND CONSTITUTIONAL AFFAIRS

ELEVENTH REPORT OF COMMITTEE ADOPTED

The Senate proceeded to consideration of the eleventh report of the Standing Senate Committee on Legal and Constitutional Affairs (Bill S-7, An Act to amend the Act of incorporation of the Royal Society of Canada—with certain amendments), presented in the Senate on 6th May, 1992.

Hon. Nathan Nurgitz: Honourable senators, I move the adoption of the report.

The Hon. the Speaker: Honourable senators, is it agreed?

Senator Nurgitz: Honourable senators, I would like to say a brief word. This report comes back to the Senate with two amendments made to the bill. I will say very little because I think Senator Frith is prepared to speak. The two amendments which were unanimously agreed to by the committee were proposed by Senator Frith. I think we all thought that they improved the bill. With those few comments by me, I would ask Senator Frith to explain what the two amendments are.

Hon. Royce Frith (Leader of the Opposition): Honourable senators, I spoke to Senator Nurgitz about this legislation and I can explain very quickly what the two amendments are. Honourable senators might remember that when I spoke to the bill at second reading on March 31st of this yeare, I expressed support for the legislation, but with two reservations.

My first concern was that though the society was required, under its enabling legislation, to report annually to both houses of Parliament, it had not reported to the Senate since October 3rd of 1989. In committee, the Honourary Secretary of the Royal Society, Mr. Pierre Camu, explained that though reports had been presented to the House of Commons, through an oversight they had not been forwarded to the Senate. By the time of the committee meeting on April 7th, the error had been rectified and reports had been forwarded to the Clerk of the Senate. Therefore that concern has been addressed.

My second reservation concerned the way the original legislation was being amended in order to remove the limitation on the amount of real property the society could hold. That was the main purpose of the legislation. The society was limited to real property holdings of $4,000 and the idea was simply to remove that limitation and not replace it with another limitation. So the objection was not to the removal of the limitation, but to the way in which it had been done.

Section 1 of the original act provided that the annual value of real estate held at any one time for the actual use of the society could not exceed $4,000. Bill S-7 proposed to remove the limitation by deleting section 1 of the 1883 act in its entirety and replacing it with a standard clause providing for the continuation of the Royal Society and giving it the power to acquire and hold real and personal property. That seemed in order, but unfortunately that approach, namely the repeal of the whole of section 1, not only removed the property limitation of $4,000, which is at the very end of the section, but also removed the names of the founding member of the Royal Society. In other words, the surgery had undesirable side effects by removing more than the offending tissue. Is Dr. Keon here? I wonder if he would support that metaphor. In any event, that is what was happening. There was surgery to take out the $4,000, but in the course of the operation a lot of non-offending tissue was being removed.

I expressed, and I think received some support for, regret that these names were being removed because they are the names of individuals who loomed very large in the history of our country, individuals such as Napoleon Bourassa, Sir Sanford Flemming, Sir John George Bourinot, Sir William Osler, and the Honourable Pierre-Joseph-Olivier Chauvreau. I could not imagine the Royal Society of England or France's L'Académie treating their founding members in a similar fashion. Of course, it was not intentional, but rather an unfortunate accident.

• (2220)

In committee we learned from Mr. du Plessis, the Law Clerk and Parliamentary Counsel, that this particular drafting approach—namely, the removal of the entire section, including all those names—was adopted because of rule 73(1) of the *Rules of the Senate*. The rule reads:

> In any bill originating in the Senate amending any statute or part thereof, the amendments shall be made by clauses that re-enact the section, subsection or other minor division as it is amended and shall not ordinarily be made by clauses that add or leave out words or substitute words for others.

To put it in context, that rule would seem to prohibit the simple surgery; namely, just lopping off the $4,000 limitation.

However, in following rule 73(1) to the letter and replacing section 1 of the 1883 act, it would not be possible to reinsert the names of the original founding members because those individuals are now deceased. I do not see how Parliament could pass legislation stating—as it did in the original full section—that these individuals were joining together to form the Royal Society of Canada. They could and did do that over 100 years ago; they could not do it today.

Mr. du Plessis agreed that rule 73(1) is not an absolute rule. It provides that amendments in any bill originating in the Senate shall "not ordinarily be made" by altering the words in existing clauses. It is my submission that this is not an ordinary situation. Rule 73(1) provides the general rule, but through its use of the words "not ordinarily", it recognizes that in some instances such an approach might not be the best one.

Senator Nurgitz, in committee, provided the means for having these corrections made. In his report, which we are now debating, an alternative is proposed. Instead of deleting in its entirety section 1 of the 1883 statute, which would remove all those names, the report recommends that only the last few lines of the section, which deal exclusively with the property limitation, be removed. If we adopt this report, the intended result will be the same: we will have achieved the purpose,

removal of the $4,000 limitation, and not thrown out all those names. The names of the founding members will remain in the statute which governs the Royal Society of Canada. To continue the earlier metaphor, this is a much more precise and more elegant surgery.

As far as procedure is concerned, I do not believe we need unanimous consent to proceed this way. I do not think we have to suspend the operation of the rule. Rule 73(1) provides a general rule for proceeding with amendments in a bill introduced in the Senate, but it is a general rule, and the section itself recognizes that there may be circumstances where another approach should be adopted. That is what we are doing today.

Senator Nurgitz is moving the adoption of the report. We support that motion, and if it carries and the sponsor of the bill moves third reading tomorrow, we will support that also.

Motion agreed to and report adopted.

On motion of Senator Frith, for Senator Tremblay, bill placed on the Orders of the Day for third reading at the next sitting of the Senate.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Tuesday, May 12, 1992

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

Prayers.

[*Translation*]

THE LATE MAURICE SAUVÉ

TRIBUTES

Hon. Maurice Riel: Honourable senators, I rise to pay tribute to the memory of the Hon. Maurice Sauvé.

The older we are, the more we lose friends, colleagues and acquaintances. The number of people we know shrinks. Every time someone dies makes us think:

"It may be my turn soon!"

The English poet John Donne put it in another way:

"Never send to know for whom the bell tolls, It tolls for thee."

On December 5, 1991, at a dinner in his home in Montreal, Maurice Sauvé told his friends gathered around the table that he was undergoing medical tests at the Royal Victoria Hospital and that he would have the results in early January.

On the morning of January 8, he called me to announce the results of the tests: he had been told that he had inoperable cancer. He was to die a little over three months later, on April 13. A man of deep faith and very devout, he wanted to put his affairs in order right away, according to priority. He therefore wanted to receive without delay the last rites of the Catholic Church. He did it with full knowledge and full use of his mental and physical faculties. With Madam Sauvé and Dr. Gaston Sauvé, his brother, I attended this plain and simple but all the more impressive ritual of our church which causes both the one who receives it and the observer to reflect.

Maurice Sauvé had a full life. He was keenly interested in public affairs; it was even his calling in the religious sense of the term, and he devoted himself to it for half a century. He was a witness to or participant in all the major political events in Quebec and in Canada during that period.

He saw the asbestos strike in Asbestos in 1949 and analyzed it in a book published later under the direction of Pierre Trudeau. He led Jean Lesage's organization in 1960 and helped usher in Quebec's Quiet Revolution. He was elected to Parliament in 1962 and joined Mr. Pearson's Cabinet in 1964. He helped bring Trudeau, Marchand and Pelletier to Ottawa in 1965 and chaired the Quebec-Canada Committee that brought together the federalist forces for the Quebec referendum in 1980. Last year, in 1991, he organized the Group of 22, made up in a non-partisan way of citizens of all regions of Canada and every age group, to look into reasonable and acceptable forms of Canadian federalism. He submitted the result of several months of study done by this group to the Beaudoin-Dobbie Committee, accompanied by former premiers Davis of Ontario and Blakeney of Saskatchewan. This report was presented by the Group of 22 to the provincial premiers and sent to all parliamentarians. I was part of the delegation to Mr. Bourassa. Maurice Sauvé, Bill Davis and several others gave a copy to Prime Minister Mulroney.

Until his dying breath, Maurice Sauvé was concerned about the future of Canada. He discussed it on the telephone with Prime Minister Mulroney to the end.

Maurice Sauvé was a Canadian by conviction and thoroughly Québécois. Meeting him was a thrill. He was convincing. A practical man, he knew that one had to approach decision makers personally and talk to them. He had the largest network of personal contacts in Canada of anyone I knew. He knew everybody. He had met and kept in touch with Canadians everywhere, in the most remote places and in the heart of all the cities in the land. You could ask Maurice Sauvé whom to see in British Columbia or in New Brunswick if you had to and he would tell you, "I met so-and-so in 1965 or 1970. He will remember me. Call him." It always worked! He did favours for everyone, even complete strangers. He was like that.

He was full of ideas and also decisive; he did not waffle. Once a project had been thought over, he acted with determination and energy. His social philosophy was just and pragmatic and his opinions never diverged from a sound basis in reality. As they say, he had both feet on the ground. His thinking and his action were meticulously ordered. He did not leave things to chance. For him, order was second nature; his papers were well kept, neat and orderly. He had a flawless memory and in an instant could recall things from twenty years before. His thinking and his papers were orderly.

In reading ancient authors which I do regularly, I often think that Maurice Sauvé would be worthy of admission to Plutarch's gallery of illustrious men, those great ancestors. Politicians or ordinary citizens, who had a balanced mind, true judgment and unlimited devotion to the community. Maurice Sauvé had something of Cato the Elder and Cincinnatus. He made a most important contribution to our country, he founded a home that is an honour to all Canadians and Quebecers; in religion, he was devout and unostentatious. He leaves us a magnificent example to follow.

Hon. Gérald-A. Beaudoin: Honourable senators, I wish to pay tribute to the Honourable Maurice Sauvé who passed away during Easter Week. As a lawyer, politician, economist, labour expert, businessman, and chancellor of the University

of Ottawa, he had an extremely varied career. He graduated with a law degree from the University of Montreal, went to the London School of Economics and the University of Paris, and was a minister in the Pearson government from 1964 to 1968.

A federalist by conviction and a persuasive reformer, he played a major role during the "quiet revolution" in Quebec, and on the federal scene, he and others with him helped give Francophones their rightful place in the centres of political decision-making in Ottawa.

He founded the Group of 22 and, as its president, made his last major public contribution in the summer of 1991 before the Committee on a Renewed Canada, together with former Premiers William Davis and Allan Blakeney and other intervenors.

To the very end he showed an abiding interest in solving Canada's constitutional question and a passionate love for his country.

A number of political figures paid him a very moving tribute on April 22 at the Marie-Reine du Monde Cathedral in Montreal, during a memorial service that was impressive in its dignity.

We shall remember Maurice Sauvé as a man of action and a man of courage, and we shall also remember his serene spirit.

We wish to offer his wife, the Right Honourable Jeanne Sauvé, an exceptional woman who has played a unique role in our history and for whom Maurice was a pillar of strength and wisdom throughout his life, and their son, Jean-François, our sincere condolences.

• (1410)

[*English*]

SENATORS' STATEMENTS

GENERAL ELECTION

NUMBER OF DAYS LEFT IN CURRENT TERM

Hon. Royce Frith (Leader of the Opposition): Honourable senators, for those supporters of the government who are lovers of democracy, their clock today shows 193 days to election; but, if by chance any of them are cowardly and contemptuous of democracy, then they have another 579 days.

[*Translation*]

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

TWENTY-SECOND REPORT OF COMMITTEE PRESENTED

Hon. Thérèse Lavoie-Roux, Chairman of the Committee on Internal Economy, Budgets and Administration, has the honour to present its

[Senator Beaudoin.]

TWENTY-SECOND REPORT

Your Committee has examined and approved the supplementary budget presented to it by the Chairman of the Standing Senate Committee on Banking, Trade and Commerce for the proposed expenditures of the said Committee with respect to its special study on the draft regulations pertaining to the new legislation on Canadian financial institutions, as authorized by the Senate on Tuesday, December 17, 1991. The said supplementary budget is as follows:

Professional and Other Services	$32,000.00
Transportation and Communications	1,000.00
All Other Expenditures	1,000.00
Total	$34,000.00

Respectfully submitted,

THÉRÈSE LAVOIE-ROUX
Chairperson

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

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

[*English*]

THE ECONOMY

MISMANAGEMENT OF MONETARY POLICY—NOTICE OF MOTION

Hon. H.A. Olson: Honourable senators, I wish to give notice that on Thursday next, the 14th of May, I will call the attention of the Senate to the government's mismanagement of the economy, particularly monetary policy.

This inquiry has been on the Order Paper before, but it fell off because of the new 15-day rule. I am simply putting it back on.

Senator Murray: And will you be putting forward your monetary policy?

[*Translation*]

GOODS AND SERVICES TAX

PRESENTATION OF PETITIONS

Hon. Jacques Hébert: Honourable senators, I have the honour to present petitions signed by 527 residents of the province of Ontario who object to the goods and services tax.

Most of these petitions are from Cornwall, Guelph, Toronto, Oxford Mills, Waterloo, Rexdale, Etobicoke and Brampton.

Five hundred and twenty-seven more!

QUESTION PERIOD

[*English*]

THE ECONOMY

REQUEST FOR PROGNOSIS OF ECONOMIC RECOVERY

Hon. Royce Frith (Leader of the Opposition): Honourable senators, would the Leader of the Government in the Senate ask his colleague the Minister of Finance if he has any prognosis as to how long the present recession or depression will last?

Senator Sylvain: How high is up?

Senator Lynch-Staunton: How low is down?

Senator Frith: A laughing matter. I thought it would be so on your side. Do you think our Minister of Finance would do a thing like that?

Hon. Lowell Murray (Leader of the Government): Honourable senators, the fact of the matter is that Canada is very well positioned to capitalize on the recovery that is taking place in the world at large. As I have explained to the honourable senator on several occasions, not on my own authority or even on the authority of my colleague the Minister of Finance, the International Monetary Fund, the OECD, the *Economist* magazine, and other independent forecasters are unanimous in forecasting that Canada will have not only the highest rate of economic growth in 1992 and 1993, but the highest rate of employment growth. And these are forecasts which I am sure all honourable senators, partisanship and partisan advantage aside, will rejoice in.

Senator Olson: All of them changed their forecasts last week.

Senator Frith: Quite right, and I take note that the Leader of the Government has repeated that the government is well positioned. We hear that. Canada is well positioned.

We received a packet from the Business Council on national issues recently. I don't think I was the only one who recieved it. In fact, it was referred to in the press, in which there was a lot of interesting comment, but no comment stating how long this recession was going to last. There were just promises that we were well positioned.

Mr. D'Aquino, when he was referring to the passing of the recession, made this prognosis—and listen to this for detail:

> It will pass, and positive growth, investment, and job creation will resume. Very low rates of inflation, falling interest rates, a more realistically valued dollar, and a United States recovery will ensure that this happens.

No one seems to argue that it is going to happen. It is part of the cyclical nature of our economic system. The question is, do those that have all this information also have the ability to give us some prognosis as to how long it will last? Everyone seems very silent on that issue. What is the prognosis for the jobs, for example, to which the Leader of the Government referred?

The prediction in the February budget was for 128,000 more jobs. Unless there is a big surge, as has been pointed out, the Minister will need to generate almost 100,000 new jobs a month between now and December of this year simply to realize his modest budget projection for employment growth of 1.1 per cent.

I know about all of these indications that we are we are well positioned. The leader might just say no, but I am asking the question: will he ask his colleague the Minister of Finance to give us a little more precision in his estimate of how long this recession will last?

Senator Murray: Honourable senators, I would be glad to do that, but in the meantime I think I can help the Leader of the Opposition by pointing out to him—

Senator Frith: In the meantime? I happen to have my music here and we will try not to laugh when you sit down at the end.

Senator Murray: I hope the honourable senator will not laugh at the fact that employment in manufacturing, which was hard hit, rose by 34,000 in February. I should hope that, if the honourable senator laughed, he would be laughing with satisfaction and joy at finding that manufacturing shipments rose 1.1 per cent. There were 34,000 jobs in manufacturing.

Senator Frith: Since when?

Senator Murray: Last month.

Senator Frith: You need 100,000 jobs a month, but that is a start.

Senator Murray: I am glad the honourable senator agrees with that and rejoices in it.

Senator Frith: I am a little depressed about the 66,000, though.

Senator Murray: Let me try to assist the honourable senator rise from his depression. Manufacturing shipments rose 1.1 per cent in February; new orders were up more than 2 per cent; sales of existing homes increased 9.2 per cent in March and 23.4 per cent overall in the first quarter; the volume of exports in January and February, which an honourable senator last night said had been declining, was 2.3 per cent above its level in the fourth quarter of 1991; new motor vehicle sales rose 2.6 per cent in April; housing starts rose 7.6 per cent in April; and finally—and I think this addresses itself quite directly to the question the honourable senator asked as to how fast the pace of recovery will be—the index of business confidence rose 16.1 per cent in the first quarter.

Hon. H. A. Olson: Isn't that great!

Senator Frith: Honourable senators, I make nothing but positive comments about the leader's interest in raising Canadians' expectations. He has all of these figures. I am sure all of them can be put together. They fall short of previous

estimates, but they at least are a try. He can take all of these figures and he and the Minister of Finance can discuss them and put them together and get back to the question, which is: Taking everything into account, what is the prognosis for how long this recession will last?

Senator Olson: Tell us about the fisheries, agriculture, energy, and things like that.

NORTH ATLANTIC TREATY ORGANIZATION

PROPOSED WITHDRAWAL OF TROOPS FROM EUROPE—GOVERNMENT POLICY

Hon. Earl A. Hastings: Honourable senators, I desire to put a question to the Leader of the Government in the Senate pertaining to the government's decision to withdraw Canadian troops from Europe.

I should like to focus on remarks by the honourable member for Scarborough East, who is reported to have said last Sunday:

> "Canada's decision to remove its troops from Europe is a mistake," says the Tory MP who'll head Ottawa's delegation at a NATO conference next week in Banff.

The article goes on to state:

> "I completely disagree with announcing military policy in a budget speech," said Hicks, referring to February's federal budget announcing the closing of NATO bases in Germany in two years.
>
> "I was really shocked and disappointed. I'm disappointed Canada had to be the first country to pull their troops out of Europe."
>
> "If we let NATO erode there won't be that stability."
>
> Hicks, MP for Scarborough East, said he's tired of defending Canada's commitment to NATO, adding the last NAS conference in Canada—in Quebec City in 1987—was held while Ottawa was cutting its forces in Norway.

The article further states:

> "This time we're withdrawing from Europe altogether," he said.

I would point out to the government leader that this is not an ordinary member of the House of Commons who has made this stinging indictment of his government's policy. He is president of the Canadian NATO Parliamentary Association, vice president of the NATO North Atlantic Assembly, and he is leading the Canadian delegation this week to the North Atlantic Assembly spring session in Banff, Alberta.

In light of Mr. Hick's indictment—and I shall be going to the conference as well—I wonder if we might be able to report to the delegates that the government will reconsider that decision with respect to the withdrawal of military forces in Europe?

[Senator Frith.]

Hon. Lowell Murray (Leader of the Government): No, honourable senators.

Senator Hastings: Perhaps the Leader of the Government in the Senate would give the four delegates from the Senate who will be attending that conference a list of excuses. Mr. Hicks says, ". . . I'll carry around a paper in my pocket with all the excuses." If Mr. Hicks has all the excuses, perhaps the Leader of the Government would provide a list of those excuses to the senators who will be attending that conference, in order that we can somehow explain this humiliating position Canada is in?

Senator Murray: Honourable senators, if my friend finds it too embarrassing to go to Banff, then I invite him to stay in Ottawa. There are no excuses.

Senator Hastings: Mr. Hicks says there are.

Senator Murray: Our position is well understood by our friends and allies in Europe. The fact is that we remain committed to the security of Europe. We are presently involved in peacekeeping efforts in various parts of Europe, as the honourable senator knows. We will continue to participate in NATO's integrated command, including maintaining maritime forces in NATO's composite force, the ACE mobile force and the airborne early warning force. The honourable senator is also aware—and this is something he can put in his pocket for his trip to Banff—that a Canadian brigade and two CF-18 squadrons will remain dedicated for contingency purposes. Of course, Canada will also continue to contribute to the NATO infrastructure.

INTERNATIONAL TRADE

IMPENDING VISIT OF PRESIDENT BORIS YELTSIN TO UNITED STATES—POSSIBILITY OF VISIT TO CANADA—GOVERNMENT POSITION

Hon. M. Lorne Bonnell: Honourable senators, perhaps the Leader of the Government in the Senate could tell us whether the Government of Canada has invited President Yeltsin of Russia to visit Canada, either before or after his trip to the United States?

Hon. Lowell Murray (Leader of the Government): Honourable senators, it seems to me that President Yeltsin was here a short time ago in the course of a visit to North America. I am not aware that another visit by the president is planned for the near future, but I shall make inquiries.

Senator Bonnell: The part of the world that we once knew as the Soviet Union, or the U.S.S.R., is now the Republic of Russia. As I understand it, Mr. Yeltsin will be visiting the United states in mid-June. This might be a really good opportunity to have him visit Canada in order that Canadian businessmen can, perhaps, find out what opportunities are available to them in the Ukraine, such as joint ventures and other types of investments. In that way, we might be able to help that country and help the businessmen of this country at the

same time. If we could do that for Russia, there might then be an opportunity for Canadian investment.

Senator Murray: Honourable senators, President Yeltsin was here as President of Russia, as I say, not too long ago. With regard to exploring trade opportunities, as usual we are some distance ahead of the honourable senator. This matter was the subject of trade opportunities in Ukraine, and has been the subject of high level missions—separate missions as I recall — led by both the Secretary of State for External Affairs, Mrs. McDougall, and by the Minister for International Trade, Mr. Wilson.

Senator Bonnell: It is nice to hear that you are way ahead of me for a change. Perhaps you would then tell the rest of the honourable senators about those great trade deals you are arranging for businessmen in Ukraine through the Minister of International Trade. Tell us some of those great things you are doing. Nobody over there seems to know about them.

Senator Murray: Honourable senators, I am sorry if the honourable senator feels he is being kept in the dark. It is not our intention to do so. We like to provide as much enlightenment as we can for the honourable senator. I will undertake to obtain a report on the activities of the—

Senator Bonnell: Tell us some of the great things!

Senator Murray: I will undertake to obtain a report on the activities of the Canadian government and, in particular, the activities of the Ministry of International Trade in promoting economic relations between Canada and Ukraine.

NOVA SCOTIA

PICTOU COUNTY—DISASTER AT WESTRAY COAL MINE—NEED FOR INQUIRY—GOVERNMENT POSITION

Hon. M. Lorne Bonnell: Honourable senators, perhaps the Leader of the Government in the Senate could tell me whether or not the Government of Canada is proposing to hold an investigation into the tragic mine accident in Plymouth, Nova Scotia. I understand that the Department of Energy, Mines and Resources originally recommended that that mine not be opened. It was a dangerous mine. I understand that in spite of that recommendation, phone calls came from very high levels in Nova Scotia to top levels in this part of the country, asking for assistance. Apparently for political reasons rather than reasons involving the safety of miners, the powers that be opened that mine. Now we have lost at least 15 miners. Will there be a federal investigation into the dangers of operating this mine, and into what really happened?

Hon. Lowell Murray (Leader of the Government): Honourable senators, I regret to say that my honourable friend is misinformed as to any recommendation from any federal department or agent of the kind that he has referred to. Insofar as an investigation of the tragedy is concerned, the honourable senator will be aware that the regulation of coal mines is within provincial jurisdiction. He may also be aware that Premier Cameron has already announced that an independent inquiry into the tragedy will be held.

Senator Bonnell: Honourable senators, I am misinformed again.

Senator Doody: As usual.

Senator Bonnell: Perhaps it is usual; I cannot seem to get the right answers. According to the press, the minister, Mr. Epp, admits that the federal government knew of the high risk of explosions in this area before providing financial aid to the company in Nova Scotia that was working towards opening this mine. Now 26 men have been buried deep underground. If the minister admits that the federal government had a hand in this scheme, why will the Leader of the Government in the Senate not admit it?

Senator Murray: Honourable senators, the honourable senator is referring to a newspaper article, for which I am not responsible, concerning a tragedy that has taken place in a coal mine in Nova Scotia. What I think I can say and what anybody who knows anything about the situation there can say is that it would be elucidating the obvious to point to the long history of misfortunes and fatalities in the coal fields of Pictou County or, for that matter, Cape Breton or the Springhill area, or almost anywhere else coal is mined in this country.

Senator Bonnell: Honourable senators, now I find out that the minister knew of the dangers, and Minister Epp has said he knew of the dangers, yet $88 million in taxpayers' money was spent to open a coal mine that was considered dangerous, in an area with a high gas content and many faults in the earth, with a consequent history of many previous deaths. I also find out that there were many phone calls made from Nova Scotia to the Prime Minister. Because, apparently, an election was coming up in different places, we end up losing 26 Canadian miners. What did we gain?

Senator Murray: Honourable senators, I invite the honourable senator to read the statements he has made and the questions he has asked.

Senator Bonnell: But you knew, you said.

Senator Murray: His first assertion was that there had been a recommendation from the federal Department of Energy, Mines and Resources that the mine not proceed. That assertion is false.

● (1440)

The second assertion was that there was knowledge on the part of federal ministers or officials of dangers and hazards in the area. I am telling the honourable senator that there is knowledge of those hazards on the part of anybody who knows anything about it and takes an interest in the matter. It is an extremely hazardous occupation. More than 200 people, if I recall the figure correctly, have been killed in the Pictou County coal fields in the last several hundred years.

The honourable senator will be aware that back in the 1950s there were two tragic occurrences in the mines at Springhill. Nevertheless, since that time there has been coal mining activity in the Springhill area. There are various causes for accidents in the coal mines. Some of them relate to gas; some of

them relate to falls of stone and coal; some of them take place because of runaway coal cars. There are many reasons why the occupation is as hazardous as it is.

In the present case, the Government of Canada, as a matter of economic and regional development, provided loan guarantees for the development of that particular coal mine. We finance other coal mines. We pay 100 per cent of the cost of the coal mines in Cape Breton because it is a federal crown corporation.

The Pictou County coal mines are regulated by the Province of Nova Scotia under what used to be—perhaps still is —the Coal Mines Regulations Act which was, when I knew something about it, and probably still is, quite a strict statute. It provides for frequent inspection of the mines by government officials and imposes responsibilities on the people who manage and own the mines and on those who work there.

Whenever there is a fatality in the coal mines, there is a public inquiry under Nova Scotia law. Even when there is one fatality there is a public inquiry. In this case the Premier has indicated there will be an independent inquiry into the causes of the tragedy.

I do not think that it is appropriate for me or, for that matter, for the honourable senator, if I may say so, to say more than that. I think we can await the public inquiry into this matter. The involvement of the Government of Canada was, as it is in many other cases and has been in the case of coal mines in the past, one of economic and regional development.

Senator Bonnell: Honourable senators, that was a very nice speech. I realize that my good friend understands the coal mining industry. He comes from that area of the country. I will not ask him what he told the cabinet when the decision was made to invest $88 million. However, I hope that, with his knowledge, he advised the cabinet about the dangers of coal mining and of that area in particular because of the volume of methane gas in the Plymouth mines. I take it for granted that he recommended against it.

Let me quote from another article which states:

> A report from the Cape Breton Development Corp.—a federal crown corporation that owned competing coal mines—also warned that Westray would be developed in a dangerous area with a "complicated geological structure with numerous faults.

A federal government crown agency made that recommendation. In spite of that, the Government of Canada put $88 million in there, and the end result is that 25 lives have likely been lost in the province of Nova Scotia. Does the Leader of the Government in the Senate think that is all right?

Senator Murray: Honourable senators, I have already explained the context in which the Government of Canada is involved in these decisions. Of course I support it as a matter of economic and regional development.

[Senator Murray.]

So far as the statements attributed to the Cape Breton Development Corporation are concerned, I simply repeat what I said: it is elucidating the obvious to say that there are hazards and quite a record of fatalities in the Pictou County coal fields. I could have said, at the time the new mines were opened in Cape Breton, that there was a history of accidents or fatalities.

Senator Thériault: No, no.

Senator Murray: Yes, I could.

Senator Thériault: Not in the same way.

Senator Murray: I think I could, honourable senators.

Senator Thériault: You had better look at it again.

Senator Murray: I do not have to look at it again. I know as much about it as the honourable senator does.

Senator Bonnell: Honourable senators, I understand that the Leader of the Government in the Senate knows the coal mining industry. I understand that he knows Cape Breton. I understand that he knows Nova Scotia. I understand that he knows politics. Does he think that that mine in Plymouth was just an ordinary hazard, or does he think there was an extra danger in that particular mine because of the previous falls and the high level of methane gas?

Senator Murray: Honourable senators, what I do know is that the development of any coal mine in that province is done in conformity with the laws and regulations of the province of Nova Scotia, which, in my recollection and experience, are extremely strict.

There is a good body of scientific and technical knowledge, hard-won over a period of a century or more, about the conditions in the coal fields of Nova Scotia. Those conditions are taken fully into account by the government of Nova Scotia in developing and enforcing its standards and its regulations.

As I say, these are matters for which the government of Nova Scotia is responsible and in respect of which the Premier of Nova Scotia has already announced that his government will conduct an independent inquiry.

Senator Bonnell: I understand that Nova Scotia is responsible for certain regulations, but the Leader of the Government in the Senate is putting the whole blame on Premier Cameron, who is the member of the legislature from Pictou County, because he is the one who made the request to go ahead with the mine in order to get jobs in the area. Apparently this was for political reasons, because it certainly was not for the safety of the people. Even Nova Scotia Light and Power was asked to support the decision.

Senator MacDonald: Wait for the inquiry. Shame, shame!

Senator Bonnell: You know about Cape Breton and were a great supporter of the government, why did you not recommend—

Senator MacDonald: These are shameful questions. There will be an inquiry.

Senator Bonnell: They are not shameful questions. There is no inquiry yet. I am asking these questions now because good Canadian citizens, hard-working men, have lost their lives. There is nothing wrong with finding out whether the federal government is responsible or whether Premier Cameron is responsible for the whole thing.

Senator Murray: Honourable senators, I have explained what the situation is. The responsibility for the coal mines of Nova Scotia is under the jurisdiction of the province of Nova Scotia. My recollection is that the government of Nova Scotia, the legislature of Nova Scotia, has always been extremely careful about safety standards in those mines and in the enforcement of those safety standards.

The Government of Canada was involved, as a matter of economic and regional development, in the development of that mine. That mine could not have been developed, it could never have opened, unless it met the standards of the province of Nova Scotia in those respects.

● (1450)

As I said, as a matter of economic and regional development, we have financed other mines elsewhere. Indeed, we operate mines in Cape Breton through the Cape Breton Development Corporation.

Notwithstanding all the precautions that have been taken by ourselves, by the Crown corporation, by the federal Department of Labour whose Inspection Division enforces safety in the coal mines of Cape Breton now because they are under federal jurisdiction, it is sad to say, as Senator MacEachen pointed out last night, there have been fatalities, tragedies—indeed multiple fatalities in the coal mines of Cape Breton.

I would hope that the honourable senator, rather than trying to score a few cheap political points, might wait until the appropriate authorities have conducted their investigation into this matter.

Senator Bonnell: Honourable senators, I do not like the attitude taken by the Leader of the Government. Now he is accusing me of having ulterior motives. I do not intend to run for election if we eventually have an elected Senate. Therefore I do not have the ulterior motive of trying to win votes.

Since all of these safety inspections by the federal government were taking place, I want to know when the federal health inspector last inspected that mine.

Senator Murray: Honourable senators, federal health inspectors do not inspect coal mines.

Senator Bonnell: I thought you just finished telling me how federal regulations and health and safety and all this type of thing were in place. If there are regulations but nobody ever checks to see if they are being upheld, then what good is that? Do you mean that that mine has not been inspected?

Senator Murray: Honourable senators, the Pictou County coal fields are within the jurisdiction of the province of Nova Scotia. They are regulated by what used to be called—and perhaps still is—the Coal Mines Regulation Act. There is a body of inspectors who are responsible for that.

In respect to the Cape Breton coal fields, these are the property of the government of Canada through the Cape Breton Development Corporation. Being under federal jurisdiction, they are inspected and regulated by the Inspections Division of the federal Department of Labour.

The point I was trying to make is that, notwithstanding all our best efforts and all the strict regulations and the careful inspection that takes place, there have been tragedies and multiple fatalities in our other federal coal mines in Cape Breton within the past few years.

Senator Bonnell: I am not arguing—

The Hon. the Speaker: Honourable senators, I must advise that the time for Question Period is now over. There may be time for one supplementary, if we have agreement.

Senator Bonnell: If they have no more feeling for those people who lost their lives and their families than that, let it be over.

[*Translation*]

DELAYED ANSWERED TO ORAL QUESTIONS

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, I would wish to table the response to a question raised in the Senate on May 5, 1992, by the Honourable Senator Pierre De Bané regarding the breakdown, by province, of National Defence expenditures.

NATIONAL DEFENCE

DEPARTMENTAL EXPENDITURES—REQUEST FOR BREAKDOWN BY PROVINCE

(Response to question raised by Hon. Pierre De Bané on May 5, 1992)

SUMMARY FACT SHEET
DEPARTMENT OF NATIONAL DEFENCE
Estimated Expenditures by Province/Fiscal Year 1990-1991
(Ranked by Total Spending)

	% of Pop.	Personnel $M	O&M $M	Capital $M	Grants & Contributions
Ontario	36.6	1,821	1,534	723	171
Québec	25.4	773	538	737	107
N.S.	3.4	793	237	67	14
B.C.	11.7	545	198	123	52
N.B.	2.7	233	68	461	12
Alta.	9.3	476	185	104	40
Manitoba	4.1	254	223	41	18
Nfld.	2.2	120	39	12	9
Sask.	3.8	79	24	5	16
P.E.I.	0.5	39	7	1	2
Yukon/NWT	0.3	16	4	8	1
Total in Canada	100.0	5,147	3,058	2,280	442
Plus:					
Outside Canada	n/a	575	465	482	172
Total DND Spending		5,722	3,523	2,763	614

	Revenue $M	Total Spending $M	% of Total	% Cda only	DND % Prov GDP	per capita TOTAL DND $
Ontario	(151)	4,097	33.4	38.7	1.5	420
Québec	(18)	2,136	17.4	20.2	1.4	316
N.S.	(23)	1,089	8.9	10.3	6.4	1,217
B.C.	(20)	898	7.3	8.5	1.1	287
N.B.	(14)	760	6.2	7.2	5.8	1,050
Alberta	(53)	751	6.1	7.1	1.1	304
Manitoba	(21)	514	4.2	4.9	2.1	471
Nfld.	(31)	149	1.2	1.4	1.7	260
Saskatch.	(3)	121	1.0	1.1	0.6	121
P.E.I.	(2)	4	0.4	0.4	2.3	356
Yukon & NWT	(1)	28	0.2	0.3	0.1	353
Total in Canada	(338)	10,589	86.4	100.0	1.6	398
Plus:						
Outside Canada	(23)	1,672	13.6			
Total DND Spending	(361)	12,260	100.0			

[Senator Lynch-Staunton.]

[*English*]

SPECIAL ECONOMIC MEASURES BILL

SECOND READING—ORDER STANDS

Resuming the debate on the motion of the Honourable Senator Kelleher, P.C., seconded by the Honourable Senator Ross, for the second reading of Bill C-53, An Act to provide for the imposition of special economic measures.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Perhaps we might have that order stand? We will be prepared to proceed with it tomorrow.

Hon. Royce Frith (Leader of the Opposition): We will deal with it this week.

Order Stands.

THE BUDGET

STATEMENT OF MINISTER OF FINANCE—ORDER STANDS

On the Order:

Resuming the debate on the inquiry of the Honourable Senator Murray, P.C., calling the attention of the Senate to the Budget presented by the Honourable Don Mazankowski, Minister of Finance, on Tuesday, February 25, 1992.—(*Honourable Senator Robertson*).

Hon. John Lynch-Staunton (Deputy Leader of the Government): I note that Senator Macquarrie wished to speak on this item this afternoon. It may be that we have gone through the other orders so quickly he had not been alerted. Perhaps we could proceed, and come back to this order when he returns.

Order stands.

FOREIGN AFFAIRS

FIFTH REPORT OF COMMITTEE ADOPTED

The Senate proceeded to consideration of the Fifth Report of the Standing Senate Committee on Foreign Affairs (Budgets—National Defence study), presented in the Senate on 7th May, 1992.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): As far as I know, this matter is ready to go forward. It was brought before the Internal Economy committee and agreed to, and we have no desire to hold it up.

On motion of Senator Balfour, report adopted.

[*Translation*]

PRIVATE BILLS

ROYAL SOCIETY OF CANADA—BILL TO AMEND ACT OF INCORPORATION—THIRD READING

Hon. Arthur Tremblay moved the third reading of Bill S-7, to amend an Act to incorporate the Royal Society of Canada.

Motion agreed to and bill read the third time and passed.

FISHERIES

FOREIGN OVERFISHING—DEPLETION OF NORTHERN COD STOCKS—DEBAT CONCLUDED

On the Order: Resuming the debate on the inquiry of the Honourable Senator Marshall, calling the attention of the Senate to the report of the Standing Senate Committee on Fisheries: The Marketing of Fish in Canada "East Coast Fisheries", dated December 1989; and specifically as it relates to the recommendations applicable to the present state of the fish stocks due to foreign overfishing.

Hon. L. Norbert Thériault: Honourable senators, I would like to comment very briefly on a matter of great concern to fishermen and plant workers in the Atlantic Provinces.

[*English*]

I want to say that for a long time I have been looking at the end result of the effort that was made with respect to offshore fishing. Having travelled extensively in the Atlantic provinces during the last few years, especially along the coast of Newfoundland, listening to the fishermen, I have become quite convinced that, in fact, Canadians are largely responsible for the overfishing that has occurred offshore in the last 20 years or so.

● (1500)

When I was a member of the government in the New Brunswick legislature, a decision was taken on the recommendation of scientists and biologists to bring about seine fishing of herring in the Gulf. We were told by the people we had at our disposal in the provincial government in New Brunswick that there was such an abundance of herring in the Gulf that if we did not do something about it they would destroy themselves. The decision was made over my objections, because I was getting information from inshore fishermen in the business, which I had been involved in before, that if this was done the herring fishery in the inshore would disappear.

Nonetheless, the advice of the scientists and the biologists prevailed. The government of which I was a part made a decision to bring from the west coast a number of seiners to seine herring in the Gulf of St. Lawrence. It helped some companies to build fishmeal plants. As the fishermen that I had worked with all my life warned me, in five years the herring in the Gulf was cleaned out.

When the decision was made in 1976-77 to extend the control of our fishery to the 200-mile limit, corporations and the Liberal government of the day in Ottawa thought that there was an almost endless supply of fish. To the great consternation of the inshore and mid-shore fisheries, large companies started buying and building boats. There was no stopping them.

It is my belief that, because of the technology at our disposal today, if nothing is done by Canada and other countries, we will fish out what is left of the biomass of fish in the ocean. I believe that the technology to go out to catch the last fish on the bottom of the ocean is now available to us. After having

travelled with my good friend Senator Marshall, the chairman of the Standing Senate Committee on Fisheries, and my other colleagues, I am convinced that we have reached a stage at which the only thing that will salvage the fisheries will be to place a moratorium on fishing for four or five years. I know that governments do not want to face this issue, but I am concerned, and I am not the only one.

We have all heard, and we will hear more, about the plight of the northern cod fishery, but I want to speak particularly of the Gulf. I am not sure when the decision was made after the extension to the 200-mile limit to let the big boats fish the Gulf, but in the 1973-74 era, when there was an energy crisis and we thought we would run out of gasoline, many fishermen told me that that would be the best thing that could happen. It would be much cheaper and would use far less fuel if the fish were allowed to swim ashore, as opposed to having the fishermen expending the energy to go out to get them in the middle of the ocean. If we continue to allow the larger boats to fish in the entrance to the Gulf, the inshore fishing communities in my province, and some in Nova Scotia and Quebec, will disappear completely.

Because of the current price of fish, there is now a great potential for fishermen's families, who, for hundreds of years, merely survived by fishing and selling their product for next to nothing, as I used to call it. Only 20 years ago fish was considered a cheap food for poor people. The reverse is now true. Good fish commands a good price, and it is good food for people who can afford to buy it. It is a healthy food. For that reason the fishing communities, which suffered for so many years from low prices for quality products, now have a great economic potential they never had before. If the fish stocks were allowed time to rebuild, and those fishermen went out and caught the fish on a daily basis, that would would be better than having big trawlers hauling everything into their boats, freezing and thawing it out a month after to cut it up. If we were getting fresh fish as we used to, we would have a better quality of life in our communities. They would gain a new lease on life.

The people who used to make their living working in fish plants could probably make a decent living, without having to work 12 months a year. However, I do not think that will ever happen. It was tried. The government allowed the big companies to build a few major plants along the shore and to truck in their fish from hundreds of miles away. The philosophy was that with the capital required to build those plants they would have to operate 12 months a year, and thus only a few plants would be needed. This has not been the case.

In the last 15 or 20 years major plants were built in different places. As a matter of fact, because of decisions made after the Kirby report came down, a number of smaller plants closed down and big plants were built. Some of them only survived for two or three years. If you go around those places now you will see that half of them have closed. They cannot operate because they do not have enough fish. The capital investment in those plants was too large. That was not the route we should have taken.

[Senator Thériault.]

When I was a member of the New Brunswick government, we tried to close up some rural areas because we had come to the conclusion that certain outlying areas were not economically feasible and it would be better to move people into urban areas. We tried that in New Brunswick to a degree, but it was a complete failure. It was also tried in Newfoundland. Now we find that 20 years later the people are returning to these communities.

The national government must make up its mind concerning the major decisions that have to be made in the fisheries on the east coast. I cannot speak for the west coast, but there are major decisions that must be made, which will involve spending some money.

Those of us in this house and the other who come from the Atlantic area, regardless of party, have to get together and impress upon the national government that major expenditures have to be made. Those expenditures will be an investment.

This is not a reproach to governments, but they have spent billions of dollars helping out grain farmers in the last few years because their markets disappeared. The government had to do that. Grain may be a bigger national industry than fish, but it is not any more important to the prairie provinces than fishing is on the east coast of Canada.

Major, hard-nosed decisions will have to be made if we are to salvage a way of life which, although it has been tough for fishermen in the past 200 years, has the potential of providing a decent living for a large number of people in the future with no major investment apart from that which governments will have to make when they make a hard-nosed decision. I hope to see the day when political differences will be put aside in the Atlantic provinces and those of us who are concerned can get together and recommend to government the decisions which must be made, and that those decisions will be made.

We cannot, for very much longer, allow more big boats. There are major capital investments made in building and buying boats. This is being pushed by three or four major corporations and a major union. One is as bad as the other, as far as I am concerned. The fishermen and people living in the coastal communities are paying the price.

I commend my colleague Senator Rossiter, who has just been appointed chairman of the Fisheries committee. I urge the Senate to provide that committee with the required funds and resources to work at this again and, regardless of politics, to come up with some suggestions in order that, before too long, decisions involving the east coast fishery can be made.

Hon. Jack Marshall: Honourable senators, perhaps I might pose a question to Senator Thériault. He will recall that in 1987 the Standing Senate Committee on Fisheries was warned very intensely and graphically by the president of the Fisheries Council of Canada, Ron Bulmer. He showed us, with pictures,

numbers and details, the culprits of overfishing. We pointed out the dangers very graphically in our report. I will never forget his words. He said that this serious problem cannot be left to the Minister of Fisheries alone; that it has to be up to the Prime Minister of Canada and the Minister of External Affairs to deal with it right now. Thirteen months later we had a response from the Minister of Fisheries of the day.

Senator Thériault said that the two sides have to get together, regardless of political stripe. He said that this is a national and co-ordinated issue. Would he like to comment on why, five years after our report, the premiers, the Minister of Fisheries and members of Parliament are screaming about this issue as though it only happened today?

Senator Thériault: Honourable senators, I intended to mention that but I did not want to take too much of the time of this house. I recall, as I am sure my colleagues will, the dedication of Senator Marshall in fulfilling his duties as Chairman of the Standing Senate Committee on Fisheries. While I sometimes conclude in my own mind that perhaps the Senate should be abolished, I believe that over the years Senate committees have done some great work and made some great recommendations, both when the Liberals were in power and since the Conservatives have been in power. I believe that governments have, generally speaking, ignored those recommendations. In my humble opinion there is only one reason for that. It is because we are not elected. When I came to this place, I believed that I may be of some more use to the people of my province and my country. Many times since then, I have wondered.

You are so right, Senator Marshall. In the report to which you referred we said that the time was past when we could leave the diplomatic problem of overfishing to the Minister of Fisheries of the day. It had to be a government responsibility, dealt with by the government, from the Prime Minister on down.

However, I would not feel too bad, Senator Marshall, that those recommendations were ignored. As I say, from my recollection, that has been the history of this place. It is too bad. It is too bad because all the people I have known here have done serious work. More often than not, in spite of some verbal distractions in the Senate, when it comes to work on committees we work together regardless of party, but we are not credible. I hope that soon we will have an elected Senate with the same kind of dedication as is now present. Then governments will take notice.

I repeat, however, that Canada has not shown a good example. We are not listened to very carefully by the offshore countries because we are not managing our offshore fisheries well ourselves. We are overdoing it. We have to start cleaning our own house while keeping the pressure on the others.

This week in Dartmouth there was a meeting of the signatories to the NAFO alliance. I would have loved to have been there. Some of the members of our Fisheries committee should have been there to listen, to make some suggestions, and to lobby. Another fault with this place is that that was not possible because the committee has not yet been set up and there is no budget for it. It is time that when governments decide that there is important work to be done, moneys are provided for members of the Senate and its committees to do their job.

I do not want to talk politics, but we all know that over the years governments have squandered millions of dollars for causes that are not nearly as important as this. I am not being political. That is true of all governments. But when a matter concerns only the senators and involves Internal Economy, they are told by somebody else, "You must be careful."

• (1520)

Honourable senators, I hope that in the few years remaining until the Senate is reformed we can find the resources to do the job that we should be doing on behalf of the people of Canada.

Some Hon. Senators: Hear, hear!

The Hon. the Speaker: Honourable senators, if no other Senator wishes to speak, this inquiry is considered debated.

SPENDING CONTROL BILL

SECOND READING—DEBATE CONCLUDED

On the Order:

> Resuming the debate on the motion of the Honourable Senator Comeau, seconded by the Honourable Senator Robertson, for the second reading of Bill C-56, An Act respecting the control of government expenditures.

Hon. Allan J. MacEachen: Honourable senators, I wish to conclude my remarks on this bill today so that there will be no delay in getting the bill to committee.

The bill itself, as honourable senators are aware, is intended to impose a spending limit on certain government expenditures—not all government expenditures—over a five-year period. There are important exceptions in the bill. For example, the unemployment insurance account is not subject to spending restraint. Draws upon the treasury to finance certain farm programs, income stabilization, and crop insurance are not subject to any restraint. Of course, what is most significant is that there is no spending limit or restraint placed upon the service charges of the debt. No explanation has been given—certainly not by Senator Comeau or the minister in the House of Commons —as to why this feature has not been subject to any control. There may be a good explanation, but I do not intend to provide it for the minister or for the senator.

What is interesting is that the portion of the annual expenditures which the government argues is the source of all its difficulty and which renders it incapable of controlling the deficit is not subject to the restraints of this bill.

To put it another way, yesterday we heard Senator Comeau tell us how the government now has an operating surplus; that is, a surplus of revenue after all program expenditures have been paid for. He expressed considerable satisfaction with that progress. However, one might argue that, having made such

important progress—in their opinion—on program expenditures, why do they now bring forward a bill to confirm legislatively what they are already doing? In taking that action, why have they excluded debt service charges? Those are the questions.

My own view is that the bill is mainly symbolic. The bill is intended to convey to the world, to the business community, to the population and to investors that the government is serious about restraining spending. It is symbolic. It is unnecessary, because the government already has all the power it needs to control expenditures. It does not need to come to Parliament and say, "We need a law."

Having said that, I ask you to bear in mind that all that is required to break through these spending limits is a simple amendment. In fact the minister, in his explanations in the House of Commons, said that, if the minister wanted to break through these spending limits in the budget speech, he would merely have to announce an amendment. He might tuck the amendment away in one of the budget bills or in any particular bill. It is not what one might call a "formidable restraint". If there had been a constitutional amendment, as has been argued in various places, then one might say that is a real restraint on the government.

I was interested in finding out that the House of Commons Finance Committee went to Washington in the course of its study of the government's discussion paper. It reported back the reaction it got in Washington about this proposal to enact spending restraints in a parliamentary democracy. I want to quote from that committee report:

> Many of the Americans contacted by the committee wondered why it is necessary to impose budgetary controls in a parliamentary system of government. After all, if a government is powerful enough to enact such controls, it should be able to control its own fiscal policy and any future government would not be bound by such controls since the enabling legislation could easily be amended. Such commentators noted that under a congressional system it was opposing and immovable congressional interests which led to budgetary controls in the first place; in particular, it was the conflict between the Congress and the administration which caused the Gramm-Rudman-Hollings Act and its successor, the Budget Enforcement Act, to be passed.

That is pretty telling.

The report goes on to say at paragraph 35:

> Budget control legislation is a distinctly American approach to problems arising in a quite unique legislative environment.

[Senator MacEachen.]

Those are rather interesting comments. That is all I want to say about the bill itself.

The bill, in its introduction in the House of Commons and in the Senate, has been used as the occasion to make comments on the general fiscal situation. I regret that I must return to that subject once more and beg the indulgence of my colleagues and assure them that I will be as brief as possible.

I want to cover a number of points. The first is the deficit. What deficit existed when this present government came into office? If you ask how the government did in reducing the deficit as it said it would do, then you must ask what the deficit was. It has now become standard practice for government spokesmen to use the figure of $38.5 billion. That practice was followed yesterday by Senator Comeau when he said:

> The federal deficit increased from $2.2 billion in 1974-75 to a peak of $38.5 billion in 1984-85.

Everywhere you go, in every document, every speech, the deficit inherited was $38.5 billion, and of course, that is untrue.

I want to go back to the first statement made by the Minister of Finance on November 8, 1984. In fact, I took his economic statement home last night and I read it this morning before I came to the office, and I really enjoyed it. No Minister of Finance himself should ever re-read his economic statements or his budget projections because they can only be a source of amusement to persons other than the Minister of Finance. I think if one were a bit ready to be amused, one would be amused at how sadly out of sync. His comment was with what is being said today.

Let's go to the deficit. You can read this for yourselves, honourable senators, as reported at pages 97 to 98 of *House of Commons Debates*. On November 8, 1984, Mr. Wilson said:

> With this set of projections and no policy changes, the deficit for this fiscal year —

— which would be 1984-85 —

> — would be $34.5 billion, almost $5 billion higher than projected last February by the previous government. That is bad enough but that is not the worst of it. Current projections show the deficit increasing next year to more than $37 billion and remaining between $34 and $38 billion in every year for the balance of this decade. This is in marked contrast to previous projection that showed the deficit declining over that period.
>
> Next year's deficit, at $37.1 billion, would be more than $9 billion higher than projected last February. And this increase would have been even greater if the previous government had not budgeted for a decline in support for direct job creation and training from $2.2 billion this year to only $1.2 billion next year. The increase in the deficit this year and next and its failure to come down in this decade, even with continuing growth, are major reasons for concern.

So he has made his summation, and he concludes it:

> That is what we inherited. Not only is the situation serious today. If we do not take action it will be even more serious in 1990.

Later in his speech, he returned again to the deficit of $34.5 billion for the year 1984-85. You will find that reported at page 98, of *House of Commons Hansard*, November 8, 1984.

Senator Frith: The sponsor of the bill seems fascinated by your comments, senator.

Senator MacEachen: These were not observations made by the Minister of Finance because he told us that, in an effort to "reclaim the future", as he put it, for all Canadians, the government has been taking stock in these past two months.

> I want to thank my colleagues for their help in charting our course during this challenging first stage of our mandate. Tonight I will share with Canadians the results of our intensive period of activity so that together we can plan our direction for the next four years.
>
> There has been no holiday from decision-making for this government during this period . . ."

All of which I quote to indicate that these comments were not casually made but were the result of "stock taking" by the government, and "decision-making" and "intensive activity" in an effort to reclaim the future for all Canadians.

In the course of that analysis, what we inherited, he said, with respect to the budget for 1984-85 is $34.5 billion. I would just drop another, as it were, throw-away line to say that in order to reach that number of $34.5 billion, he altered the accounting system in order to increase it, by his own admission, by $400 to $800 million.

So when I say there is not much difference now between the deficit we had in 1991-92 of $31.4 billion, the actual, and what prevailed in 1984-85, maybe citizens would say, why are you quibbling over $4 or $5 billion? It is all politics. But surely it is worthwhile to determine what the standard of judgment is. Is it $38.5 billion, or is it 34 or less? That is what I am arguing on the strength of the minister's assertion in November 1984.

With respect to the operating surplus, honourable senators, there is no mention that the operating surplus or the operating deficit will be a test or an objective for the minister. The test is a reduction in the deficit. However, in recent years, the operating balance has emerged as evidence of the government's successful fiscal management. I have no difficulty in acknowledging that the operating balance has improved. Obviously it has, and whatever can be made of it ought to be made of it. However, it is not a reduction in the deficit. I have dealt with that before.

I referred to a statement which I quoted from Mr. Taylor, the President of the Royal Bank of Canada when he talked about this question. It certainly rings home with me anyway. His quotation is as follows:

> The Government of Canada talks about an operating surplus, but what does that mean? It is like an individual saying he or she would have a positive cash flow if it were not for the mortgage interest. It is true, but it is irrelevant.

And why is it irrelevant? Because there must be added to the total expenditure plan, or the total expenditures for the year, the interest on the mortgage, on the public debt. The interest on the public debt is an expenditure. We could say that if we did not have to pay equalization payments or if we did not have to pay medicare or health insurance payments, then we would have an even more positive operating balance.

But to the extent that the operating balance is used by the government, it is a diversion. In my view at least, it is a diversion to claim credit for what is an improvement but to obscure the fact that virtually no progress has been made in the reduction of the overall fiscal deficit.

One final point: There is no doubt about it that, from the very beginning, the new government was determined to reduce government expenditures. Mr. Wilson gave voice to that aspiration in his economic statement of November 1984. He comes back to it time and time again. He not only comes back to it, but he denounces, he flays the former Liberal government for their profligate ways, and he assures everybody that he will do better. In fact, he says quite directly that he can and will do better. He makes his commitment about expenditures in that economic statement.

He talked about total expenditures—not program expenditures. Total annual expenditures was his target, and he said:

● (1540)

> We believe in a planned approach to expenditure reduction which allows sufficient time for those affected to adjust. The state of the economy will also be an important factor in how fast we move.
>
> But move we must. Our goal is to reduce the projected level of annual expenditure by 1990 by $10 to $15 billion, inclusive of the measures I am announcing tonight.

On November 8, 1984, he targeted as an objective the reduction by $10 to $15 billion in the projected annual expenditures for 1990. That was six years away. He was a brave man to commit himself to that. I noticed that subsequently—that is, as he grew into the job —he rarely gave projections for two or three years ahead, let alone six or seven years. In 1984 he said that "We intend to reduce the projected level of annual expenditures by 1990 by $10 to $15 billion."

When I read this I said, "Well, did he achieve it?" I did not know when I read that this morning, but I went to the document that he released with his economic statement. Sure enough, he projected total expenditures for 1990-91 of $137.9 billion. He had already stated that that would be reduced in 1990-91 by $10 to $15 billion. Well, that was his test.

What was the result? The actual total annual expenditures in that year were $149.971 billion. Therefore, instead of a

decrease of $10 or $15 billion, there was an increase of $12 billion. That is applying the test of the minister himself.

All I ask of Senator Comeau and others is that in commenting upon the fiscal situation they take a broader cut or, as they say, a broader swath and do not pick out certain favourable elements and overlook the broad swath. The broad swath is the fiscal deficit on the fiscal management side; and the broad swath on the expenditure side is not program expenditures but annual expenditures. I invite the government to follow the tests which the Minister of Finance provided for himself in those euphoric days of November 4, 1984.

Hon. H.A. Olson: Honourable senators, I do not intend to keep you long discussing Bill C-56 because it is a bill that does not ask for any authority that the government does not already have.

You ask yourself: Why is it here? You can imagine all kinds of reasons, mostly those having to do with illusions and that sort of thing, but that is all it is here for. However, there is a more serious aspect to this bill. For one thing, it is an attempt to deceive people into believing that this bill will have any effect on government policy at all. I will not go over the ground that Senator MacEachen has shown clearly with respect to some aspects of it, but one thing is pretty clear: You cannot take an action that commits future Parliaments. If future Parliaments want to set down a budget of a certain amount, they have the right to do so. As has already been pointed out, one sentence in any future budget setting all this aside is possible.

What is Bill C-56 for, then? It is an attempt to deceive the Canadian people into believing that this government will do what they have failed completely to do until now, namely, have the political courage to reduce their expenditures. They have tried all kinds of other deceptions such as breaking the budget into such things as program spending and debt service charges, and all that. It is a flagrant affront to the intelligence of Canadians to ask them to believe the kind of nonsense that is contained in this bill—

Senator Frith: But they do not. The Finance Minister's own polls say that Canadians are not buying it.

Senator Olson: No, they do not believe it. So why do they keep on doing it?

Senator Frith: What else can they do? They would have to admit that they are wrong, which they are congenitally incapable of doing.

Senator Olson: In some ways it is an act of desperation. They do not know what else to do but to keep on doing things like this, as well as what they did with Bill C-21—I did not speak on that one but that is another one of these illusions that the government is trying to create.

Quite frankly, this bill does not deserve anyone's serious attention or the attention of anyone who knows anything or has even a small amount of intelligence as to what the government's responsibility will be if they intend to govern the country. First, there are the exemptions listed on page 2. The "costs associated with the servicing or repayment of . . ." the national debt is exempt. Why did you do that? That is the biggest expense we have. I think it is $42 billion this year. Are you afraid to stand up to the people who have that interest coming? If you want to do something useful in debt reduction, that is where you should be doing it. But you can exempt that. You then exempt expenditures for unemployment insurance—and I understand that— and farm income protection, and all kinds of emergencies. They are all exempted from this.

Senator MacEachen: An election could be an emergency.

Senator Olson: As you explained a few moments ago, it is fairly easy for them to set it all aside by claiming that this is something that falls within that category.

We then go over to the next page.

Senator Comeau: What about our suggestions for changing the bill?

Senator Olson: If I were the Minister of Finance, if I were in government at all, we would have a complete program to deal with managing Canada's economy and what the government is supposed to do. I know that that is the standard answer that this minister and Senator Murray, and indeed Mr. Wilson when he was Minister of Finance, have always used: "Well, what would you do?" The Canadian people will get a chance soon to make that decision. It will not be me, because I will not go back into any government anyway. The fact is that when you are in government you are supposed to know how to manage the economy. To throw up your hands and say, "What would you do?" is almost pleading for some advice.

Prior to 1984 and 1988 you knew all the answers. You had a real program and you fooled a lot of people into voting for that program. I do not really think that governments like this Conservative Government are ever elected on a positive basis. The previous government was defeated; there is no doubt about that. Governments always defeat themselves. But after being in power for seven years, for you to come and give us a farce of a bill to try to limit expenditures, and, in the middle of trying to find out what it means, ask me the question: "What would you do?" is just about hitting the bottom of the barrel. I cannot believe that I heard such an irresponsible statement. It is an admission that the government does not know what to do.

The government thinks that expenditures should be limited and controlled. So you come along with Bill C-56 and try to fool the people into believing that you will really do it, and then you list a number of complete exemptions, even from Bill C-56—all the big expenditures, like debt service charges—and say, "What would you do?" I can tell you one thing I would do. I would start assuming my responsibilities to govern this country.

In my opinion, this is a complete cop-out on the part of this government. They have just about given up. They come along with all kinds of excuses as to why they cannot manage the country and the budget of the federal government of this country. It is disgraceful—and that is what Canadians have come to believe. They do not go around asking each other, "What would you do?"

Here is a government that is supposed to have the responsibility, and exercise the responsibility, and the judgment, intelligence and all of those characteristics that are needed to govern this country. But what is it doing? This is not a situation for copping out. If you want to cop out of governing this country then you should resign, hold an election and let the Canadian people pick someone who will not say, "Well, what would you do?"

Senator Comeau: Give us Mr. Chrétien's program first.

Senator Olson: What does that have to do with it? You always come along with questions like: "What would you do? What would the opposition do?" The opposition is not the government. Is the government completely bereft or absent of ways and means to govern this country? Apparently you are, because that is the standard reply: "What would you do?"

Senator Comeau: You will keep hearing it.

Senator Olson: I know we will keep hearing it. What is sad about all this is that I suspect that you will mount an advertising campaign or public relations photo-ops, which is the byword of this government, and persuade a few Canadians that there is some validity to this nonsense. I hope it is not enough to overcome what they have come to believe. Frankly, I do not believe you will succeed in fooling the people again, but I think you will spend a lot of taxpayers' money trying.

Anyway, on the next page in this definition of spending limits, you have outlined a regime of the limits for five years in advance. After you take out the exemptions in 1991-92 you can have a limit of $97 billion and in 1992-93 you can have a limit of $100.9 billion. It is all a farce. You already have the authority to do that. You do not need a bill. Why do you want to waste taxpayers' money asking for this when you do not need authority for any of the measures called for in this bill?

You might be able to hold this bill up and say, "This is what we have done for you." What a farce. What a sham. The Canadian people should have that drawn to their attention. That is the only reason I am making a few comments today. This kind of attempt to govern Canadians by deception and sham is really a terrible disservice to the integrity of the country, especially when we are going through a recession that has other ramifications.

As I said a few minutes ago, I would not keep you for long, but I wanted to take a few minutes at least to put on the record, along with what Senator MacEachen has said, although in much plainer, but straight, language, what a deception and sham Bill C-56 is.

Hon. Jerahmiel S. Grafstein: Honourable senators, I had not intended to intervene in this debate. A day or so ago we had an exchange in connection with the use of statistics. The use of statistics continues to confuse and confound rather than to clarify. I had thought that one approach to testing the government's ability and competence would be its ability, an ability that every businessman would understand, to prepare a business plan. A business plan is normally based on a projection of revenues and deficits. That is the test of a good businessman: How can he project, under his mandate, mission or responsibility, what his enterprise will do? If he makes a mistake he pays the cost of that mistake.

When we look at the governance of the country and at the performance of the Minister of Finance, who is the senior financial officer of the Crown and, in effect, our chief financial officer, as the Prime Minister once referred to him, we should look at the chief financial officer's ability to project in order to test whether or not the chief financial officer or chief executive officer is competent. These are good traditional Tory measurements of public business. I personally do not agree with that comparison. I do not agree with the theory that public business is similar to private business, but I would rather, for the moment at least, use that Tory analysis to see whether or not, based on Tory principles and business principles, the chief financial officer, the Minister of Finance, and the chief executive officer, the Prime Minister of the country, have in fact been competent.

Let us take a look at the public record from the dates that the honourable senator has brought to our attention, from 1984 to the present. I am referring to the Public Accounts of Canada, Volume I, prepared in 1991 by the Receiver General of Canada. In that Public Accounts record for 1990-91 is Table 1.1, entitled "Deficit and Net Debt".

That table sets out the budgetary deficit for each year. I am taking the years from 1984 to 1991. It sets out the percentage of the deficit as a percentage of the gross domestic product. It sets out the net debt in each of those years—and one of the most telling tests is the percentage of gross domestic product.

• (1600)

The reason I say the last one is a telling test is that one looks at debt as a percentage of one's overall growth. Debt is irrelevant in business—

Senator Barootes: Really. Debt is irrelevant in business?

Senator Grafstein:—unless it can be compared to the growth of the business. For instance, if a business has a debt of $1 and the value of the business is $100, the debt is irrelevant. If, however, the debt is $60 and the worth of the business is $100, it becomes much more relevant and significant.

Senator Barootes: Tell that to the Reichmanns.

Senator Grafstein: If you would like to discuss that matter, Senator Barootes, I would be glad to. However, at the moment we are discussing this particular bill.

Let us look at the budgetary deficit as a percentage of the gross domestic product in each year from 1984. In 1984, the signal year, the measuring year, it was 41.1 per cent of the gross domestic product. In 1991, it has gone through the roof and is now at 57.8 per cent of the gross domestic product. As a percentage of the gross domestic product, the debt increased from 41 per cent in 1984 to 57.8 per cent last year, and it is still growing. It appears by that analysis that the question of growth as it relates to debt has taken a back seat.

Let us go into the figures even more appropriately, and that is to detest not the hindsight but the foresight of the government. Was the government able to project year by year in a fair way so that the Canadian public could respond in one way or another to the true nature of the accounts of the country?

In 1985 the Minister of Finance projected that in 1986 the deficit would be $27.5 billion. Instead, it was $34.5 billion. In 1985 he predicted that in 1987 the deficit would be $25.4 billion. Instead, it was $30.7 billion. For each of those years the Minister of Finance, the chief financial officer, was not just wrong; he was disastrously wrong.

Did he improve? Let us take a look at what he did in 1988. In 1987 he projected that the deficit for 1988 would be $21.9 billion. Instead, it was $28.2 billion. In 1988 he projected that in 1989 the deficit would be $21.9 billion. Instead, it was $28 billion. In 1989 he projected that the deficit in 1990 would be $23 billion. Instead, it was $28.9 billion, almost $29 billion.

Honourable senators, there is a question at least about competence. There is a question at least about the ability to use statistics in a way that clarifies for the public the direction of the country, the direction of the public accounts. In each of those years, he was not off by 5 per cent or 10 per cent, which businessmen understand is the normal give and take. I am sure that Senator Bolduc will agree that if a chief financial officer's projections are out by 5 per cent or 10 per cent, he or she would not be fired. However, if the chief financial officer's projections were out every year by 25 per cent or 30 per cent in such a crucial business area, every senator in business would very quickly say, "Let's get rid of the chief financial officer". Perhaps if he or she were a member of the board, as Conservative senators like to think of themselves, they would say to their chief executive officer, "It is time to go."

I say, honourable senators, with respect to this bill, it is time to go.

The Hon. the Speaker *pro tempore:* Honourable senators, it was moved by Honourable Senator Comeau that this bill be read a second time. Is it your pleasure, honourable senators, to adopt the motion?

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): On division.

Motion agreed to and bill read second time, on division.

[Senator Grafstein.]

REFERRED TO COMMITTEE

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

On motion of Senator Comeau, bill referred to the Standing Senate Committee on National Finance.

THE BUDGET

STATEMENT OF MINISTER OF FINANCE—DEBATE CONCLUDED

On the Order:

> Resuming the debate on the inquiry of the Honourable Senator Murray, P.C., calling the attention of the Senate to the Budget presented by the Honourable Don Mazankowski, Minister of Finance, on Tuesday, February 25, 1992.—(*Honourable Senator Robertson*).

Hon. Heath Macquarrie: Honourable senators, I would like to begin by expressing my gratitude to my house leader, Senator Lynch-Staunton who, with his usual courtesy, sensitivity and class—pardon that last word—reserved this place for me.

I was here shortly after the bell rang but was called away because of the very serious illness of a very dear friend. Those of us who are septuagenarians know that that kind of call comes more frequently than we would like. Sometime very soon there may be a call that we will not hear but will be about the same thing.

I very much appreciate the courtesy of Senator Lynch-Staunton and the other senators for allowing me to say my few words about this important item on the budget today.

I had thought that this item would have been discussed further by senators better informed on economic and business matters than myself. This, honourable senators, would encompass almost every other senator in this place.

I will begin by making a brief general comment, followed by a longer one on one particular budget statement.

Having been on the hill for, lo! these 35 years, I have endured many budgets and I have learned the formulae long ago. The government exalts, the opposition condemns. The tone and, indeed, the phraseology have altered little over all these years. But I was surprised this year. The present minister was not budgeting at a good time. Goodness knows that is an understatement. However, I cannot remember a budget which elicited less sustained and serious criticism, so Minister Mazankowski obviously did very well. I do not know how many Bible readers we have in the Senate, perhaps very few, but I did think at the time of those ancient Israelites who were forced to make bricks without straw. I think he did very well. In short, the minister did the best he could, and did it with considerable finesse.

On one of the budget statements, however, I must be less adulatory. On page 12 I read that ". . . we are actively pursuing the building of the fixed link from the mainland to Prince

Edward Island with private sector financing . . .." As a long-time parliamentarian from Canada's smallest province, it is not my custom, honourable senators, to denigrate federal expenditure in P.E.I. However, there are reasons why I must do more than say, "Hear, hear!" I will try to be concise and precise on this important issue.

● (1610)

First, it is inappropriate to interpret P.E.I.'s last plebiscite as indicating Islanders' desire for a bridge. The question asked was not about a bridge. The expression was a "fixed link." We on the national level will soon be giving the most careful consideration to how one words the question in a plebiscite.

Second, I cannot for the life of me understand why the premier of my province demurs on calling for a more precise plebiscite. Plebiscites, by nature, must be precise.

Third, it is now clear that many Islanders who voted for the fixed link regard a tunnel as environmentally much less hazardous than a bridge. I am by no means alone in this category. I am by no means alone, and I have not been afraid to be alone on other occasions. Some recent studies by experts have disturbed me profoundly, as they have underlined the possible environmental dangers in a bridge link. In this so-called green year, we must all be solicitous on that very subject.

Fourth, while I rejoice in the prospects of new jobs for those who might be offered employment in the construction of a bridge, I cannot ignore the obvious disemployment of hundreds of people now working in the ferry services. The comparison of potential new jobs with definite lay-offs of other island workers now employed should and must be carefully pondered.

Fifth, every sensitive Canadian knows that there is no more threatened industry in the land than the fisheries. I cannot believe that anyone would view with equanimity a major threat to our fishermen. I have given the most careful attention to all the research, and I feel anything but confident about the future of one of our major P.E.I. industries. In fact, those of us who went through courses in Ancient History know that the fisheries is one of the oldest industries of all time. Nothing I read, nothing I have heard, nothing, I believe, suggests our precarious fisheries would not be endangered by the construction of a bridge.

Sixth, I am realist enough to know that being anti-bridge will open me to the charge of being "square", "against progress" or "not with it". Perhaps. A lot of things I have not been "with" have not been all that great in the unfolding of history. Modesty forbids, honourable senators, that I list these.

I have lived in, and loved, Prince Edward Island for 72 years. Long before my time, Abegweit, that beautiful gem of an island, attracted people from far and wide. Tourism has long been important to our economy. It is not something that was discovered 20 years ago.

Over the years I have heard visitors exalt the beauty of our beaches and extol the graces of our gently rolling fields. I know people who have been returning to Victoria, the seaside village of my birth, with a total population of 220 in the summer season, every year for half a century. They have come back because they love it.

Tourists who come in the thousands to Prince Edward Island seem not to be upset by a 35 minute ferry ride—I would say sail—which many of them consider a delightful mini-cruise.

Many tourists and people in their retirement years come to live in Prince Edward Island. They are coming in growing numbers, and it shows their wisdom. They move there because of the beauty of the place and its relative tranquillity. We never did try to compete with Coney Island. We never tried to be like one of the "hep" places. If we rush headlong to make our little island just like all the rest, diminishing our own distinctiveness and our own individuality, I am afraid we may be discarding the substance for the shadow. The seer told us long ago that was a foolish thing to do.

I have great respect, honourable senators, for the splendid work being done by ACOA under the leadership of the Honourable Elmer Mackay. The island economy has been helped by a great many ACOA projects. I am intimately acquainted with the improvement that many of them have made. However, as long ago as January, 1991, I conveyed to my long-time colleague Mr. Mackay the views on trans-strait bridge building which I have just enunciated here. On this momentous issue, and in the face of the potential environmental dangers, I have invoked the motto of this Senate, *Sapere Aude*, Dare to be Prudent: ie, do not build it now; perhaps not even later, but certainly not now!

Some Hon. Senators: Hear, hear!

Hon. John B. Stewart: Would the honourable senator answer a few questions? They are relatively easy ones.

I must say that I agree with the thrust of Senator Macquarrie's carefully prepared statement. He opposes the construction of a bridge for environmental reasons. I understand why he says that. I think every fisherman who engages in the fisheries in Northumberland understands why he says that. I am not at all sure that some of our colleagues from other parts of Canada understand why you would prefer the tunnel option to the bridge option. Would you explain that?

Second, do you not think you are unduly alarmed? The notion of a fixed link to Prince Edward Island has replaced the Guysborough railway as a regular election gimmick. I first became aware of it way back 30 years ago when the Diefenbaker government set up a consortium to plan the fixed link to Prince Edward Island. It did not happen. Then the Pearson government was going to build it. Should we not relax and let these politicians, ministers of public works and the like, play their little game? We will, of course, keep a somewhat watchful eye on them, but let them play their little game with the assurance that the fixed link to Prince Edward island is as likely to be realized as was the Guysborough railway.

Senator Macquarrie: Honourable senators, since I spoke with such great brevity, well under the limit—which is something not all my colleagues do—I will take a moment or two to answer this so-called easy question from my professorial friend.

I thought I was a fairly good political scientist, and I am sometimes accused of being a pretty good philosopher, but I think I am a damn poor engineer. However, I will try to answer his question about the tunnel.

● (1620)

The studies, which I have read with great care and called upon my scientific friends to help me understand, indicate serious problems with that bridge structure. They mention the wind, the erosion and what they will do to the important breeding and feeding ground of lobsters and other fish. I am totally convinced they know what they are talking about.

Apparently, the old tunnel thing, which was begun under the government of Sir John A. Macdonald after being studied by Sir Douglas Fox, would have provided the linkage, the rapid transportation that people needed. I think that today the only people who might really need it are the truckers, and I am not unaware of their problem.

The tourists can take half an hour and be glad that they are going across the beautiful Northumberland Strait. To use jargon I hate to use, although it helps once in a while, it seems that the tunnel is "environmentally friendly"—a disgusting expression.

How many years did it take for the British and the French to decide that they could build one? Sir Douglas Fox started this study in the 1890s. Are we now ready to go ahead with a bridge? I say no, not until we give careful research to the tunnel option.

We are convinced there would be terrible dangers from the bridge. They talk about rapid transportation. I would not drive across the bridge on a day that the ferry could not run. I trust those ferries to get across rather than getting me up on a bridge in the winds of the Northumberland Strait. I am probably not as good a driver as Senator Stewart, or as good as lots of people, but damned if I would be up there on a day the ferries could not run. I would even stay on the New Brunswick side, which would not be nearly as nice as being on P.E.I!

I do not think it will happen. I was around, as my colleague was, in the 1960s. He is right. The governments of Diefenbaker and Pearson were concerned, and I believe they were sincere in their concern. A former colleague of ours, Senator McIlraith, came down to Charlottetown with a strong team of experts who were planning a structure which would be part tunnel, part bridge and part causeway. As I remember, and as the honourable senator probably knows, they were more sensitive, at least in my judgment, to the fisheries and the environmental problems than the builders are now.

[Senator Stewart.]

I know I am not supposed to introduce a new subject, but I am a little upset when the future of transportation between the rest of Canada and my province is about to be decided in the board room of big business. I want a government responsible to the people to look upon their obligations to Prince Edward Island. I am not sure that this big-business, get-rich-quick scheme is our salvation.

The Hon. the Speaker *pro tempore:* Honourable senators, if no other senator wishes to speak, this inquiry is considered debated.

PRIVILEGES, STANDING RULES AND ORDERS

MOTION TO AUTHORIZE COMMITTEE TO CONSIDER PROPRIETY AND CONSTITUTIONALITY OF AMENDMENTS TO RULES OF THE SENATE — DEBATE CONTINUED

On the Order:

> Resuming the debate on the motion of the Honourable Senator Haidasz, P.C., seconded by the Honourable Senator Thériault:
>
> That the Standing Committee on Privileges, Standing Rules and Orders be authorized to consider the propriety and the constitutionality of the changes and amendments to the *Rules of the Senate*, adopted by the Senate on June 18, 1991; and
>
> That the Committee report no later than June 11, 1992.— (*Honourable Senator Lynch-Staunton*).

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, before getting into the actual motion itself it is only proper to correct certain impressions which have been left on the record.

On those occasions when the new rules have been debated, such as at the time of their presentation here, at the time Senator Haidasz made a number of interventions on this matter, and in March when he most recently made certain statements regarding the new rules, an outside reader of our *Debates* has been left with the impression that the rules are irregular, if not illegal, in the way that they were brought to adoption.

I think nothing could be further from the truth, as any summary of the history of the new rules from their inception to their adoption will show without question. I wish to recapitulate briefly the sequence of events that took place in conformity with the old rules. One part of the procedure which has not been brought up is that everything that was done to bring about new rules was done under the provisions of the old rules.

A Committee of Selection was properly instituted, as provided under the old rules. In turn, it proposed the membership for the Standing Committee on Privileges, Standing Rules and Orders, which the Senate confirmed on May 30, 1991. Rule 67

of the old rules allowed for the creation of the Standing Committee on Privileges, Standing Rules and Orders to be composed of up to 15 members, four of whom could constitute a quorum and empower, and I quote:

> . . . on its own initiative to propose to the Senate amendments to the rules from time to time.

That is a direct quotation from the old rules, and a provision which appears in the new rules.

The rules either old or new do not provide for party representation on a standing committee. This is a feature which is dictated by tradition and courtesy. The decision of the Official Opposition not to have representation on the standing committee studying the suggested new rules in no way invalidated its deliberations and recommendations in the same way that the absence of one or more senators which would see the government side in a minority position during a committee hearing would invalidate its proceedings.

It is a quorum which establishes the right for a committee to proceed with its business, not the partisan nature of its makeup, in the same way that the Senate as a whole is governed. Our rules simply state, as they stated before, that 15 members make up a quorum. There is no reference to the makeup of the quorum, but simply to 15 members.

I do not think that members on this side are the only ones who regret that the committee at the time did not have the benefit of the experience of those opposite during the drafting of the new rules. It is now nearly one year since their adoption, and it is obvious that a number of clarifications and changes are required in order to improve even more on dispositions which in great part could no longer keep up with the evolving nature of the Senate.

It is certainly hoped by all on this side, and I am sure by quite a few on the other, that all senators, whatever their affiliation, will contribute to the process in order to define a set of rules which is fair in the treatment and application of the requirements of government, opposition and independent members.

It is well known, since the other side has been informed of the intentions of this side, that certain amendments are being studied. I understand that the opposition has formed a committee to look into improvements to the existing rules. I hope that, before we break, the Senate Rules committee will have a chance to study them and come forward with recommendations for us when we reconvene in the fall.

As to the thrust of Senator Haidasz's motion itself, it questions the constitutionality of the rules adopted last June. This is a serious allegation. Constitutionality cannot be left to the decision of any body but the courts, if one is serious in the interpretation of the word "constitutionality".

Certainly, the courts are best equipped to deal with this important matter, particularly as any questioning of the constitutionality of the rules questions the legislation passed since these rules have been in effect. It is not just the rules that are being challenged, but all that flowed from them, if a challenge is successful.

Certainly, the last body in any case which should be empowered to study the constitutionality of the rules is the Rules committee itself, which is the author of the rules being challenged. It is as if an accused were being asked to plead guilty and pass sentence on himself.

Senator Haidasz and his colleagues some time ago—and I am not passing judgment on their decision—decided to challenge the constitutionality of the naming of eight senators to this body. Quite properly, they went to the courts. If the definition of constitutionality in this case is the same, I urge them to use the same procedure.

In any event, I think this alone is reason enough to vote against the senator's motion. It is certainly our intention to do so should a vote be required.

On motion of Senator Hébert, debate adjourned.

VETERANS AFFAIRS

MOTION FOR BOOK OF REMEMBRANCE—DEBATE ADJOURNED

Hon. Jack Marshall, pursuant to notice of Tuesday, May 5, 1992, moved:

> That the Senate urge the Government of Canada to prepare and place in the Memorial Chapel of the Peace Tower a Book of Remembrance honouring the Merchant Seamen who lost their lives in Canadian armed conflicts in World War I, World War II and the Korean Conflict; and
>
> That a message be sent to the House of Commons requesting that House to united with the Senate in the aforementioned action.

He said: Honourable senators, I rise to address my motion No. 33, which was so aptly presented by the Speaker. The motion is compatible with recommendation No. 3 in the report of the Senate Subcommittee on Veterans Affairs which was tabled in the Senate in January, 1991, 18 months ago. Despite numerous appeals to the Minister of Veterans Affairs, his only response was contained in his welcome announcement of March 26, 1992 in Halifax, when he made a commitment of the government's intention to introduce legislation to recognize merchant seaman as veterans. That announcement was hailed with appreciation by not only the merchant seamen of Canada themselves but a majority of veterans and citizens across the country.

As a matter of fact, in a recent poll taken of 1,034 Canadians, 90 per cent supported the extension of all benefits to merchant seamen on an equal basis with, as described by the minister, "military veterans".

During the minister's announcement in Halifax on March 26, 1992, he referred to the book of remembrance in these words:

> There are a number of other matters that do not involve programs and benefits, but which are very important to wartime merchant navy veterans. First, Canada's books of remembrance in the Peace Tower in Ottawa do not include the names of merchant mariners. The government agrees in principle that there should be a book of remembrance dedicated to merchant navy veterans who gave their lives in Canadian wars; however, a final decision awaits consultation on the features, location and cost of the book.

Honourable senators, it is difficult to understand the "features" problem. There are other books in the Peace Tower and all we have to do is copy them. The location is agreed upon. There is absolutely no question that it should be the Peace Tower of the Parliament of Canada. While I have no doubt that a book of remembrance will be provided, I wonder at the complacency which is so evident over the urgency which exists in recognizing those merchant seamen who died during the world wars. The procrastination over who is responsible to carry out this deserving tribute to another group of young Canadians who served in the merchant marines during the wars is unbelievable.

For example, on April 30, 1992, I received a letter from the chief of staff of the Speaker of the House of Commons, John Fraser. He said that he is:

> . . . awaiting a recommendation from the committee of interested parties which was being struck by the Department of Veterans Affairs on the question of the book of remembrance for merchant navy veterans.

It is difficult to understand why we need another committee to decide that we will recognize the merchant navy veterans and to remember those who have fallen.

He went on to say:

> Until that recommendation is made, I regret that I cannot provide you with a decision one way or the other. I will get back to you on this matter as soon as the committee's recommendation is received.

Why is there a need for another committee? In addition, who are these interested parties? Is the Senate subcommittee, which initiated the action for recognition of merchant seamen in 1987, not an interested party? I have not been requested by anyone to sit on any committee, nor do I expect to be asked.

I have no doubt that one of the interested parties is the Royal Canadian Legion. On May 8, I received a copy of a letter to the Speaker of the House of Commons. It is signed by the Dominion President, J.W. Jolleys. It reads:

> Dear Mr. Speaker,
>
> Last March the Minister of Veterans Affairs announced proposed legislative changes leading to the recognition of Merchant Mariners who served during wartime as Merchant Navy veterans and to the extension of full veterans' benefits to those deserving sailors.
>
> In the announcement was information that the Minister is also considering ways and means of establishing a Book of Remembrance for these Merchant Navy veterans.
>
> We write now to ensure that you are aware of The Royal Canadian Legion endorsement of Veterans Affairs Minister Gerry Merrithew's initiatives. In particular, the Legion is fully in favour of the production of a separate Book of Remembrance for Merchant Navy veterans and its placement in the Peace Tower of the House.

Mr. Jolleys represents about 560,000 veterans, so there should be no problem. He represents the National Council of Veteran Organizations, which represents about 19 organizations, and the Army, Navy, Air Force Veterans in Canada, the oldest and most senior group of veterans in the country.

Honourable senators, if the Speaker is in doubt about who is responsible, I can provide information that was given to me by the Library of Parliament which traced a memo dated in 1928, 64 years ago. It reads:

> Prime Minister King decided with the Minister of Public Works that authority concerning the Peace Tower should be vested in the House authorities.

Who are the house authorities? I am only passing along that information because there seems to be some doubt as to who is responsible.

● (1640)

I can also tell the house that the cost of producing a book of remembrance has been investigated and it can be done for a very modest price; certainly only an insignificant fraction, for example, of the cost of producing the NFB production "The Kid Who Couldn't Miss" at $400,000, or indeed the latest foray by the CBC into degrading Canada's soldiers and its leaders during World War II at a cost of over $2 million.

Let me recount for you, honourable senators, the story of the creation of the Memorial Chamber and the altar where the Books of Remembrance lie in the Peace Tower of Parliament. I place on the record the proceedings at the dedication of the altar by His Royal Highness the Prince of Wales in Ottawa on August 23rd, 1927, 65 years ago.

Assembled in the Memorial Chamber were some 70 dignitaries, including the Prime Minister of Great Britain, the Governor General, Viscountess Willingdon, His Royal Highness the Prince of Wales, the Prime Minister of Canada and members of his cabinet, representatives of foreign nations, church dignitaries, military officers, representatives of the various armed service veterans' associations and public bodies, and others. Here is what the Right Honourable W.L. Mackenzie King said when he introduced His Royal Highness the Prince of Wales:

> The Chamber in the Tower of the Houses of Parliament in which we are assembled has been set apart as a memorial of the service and sacrifice of Canada in the Great War. Enshrined within its walls is the altar on which is to

be placed the Book of Remembrance containing the names of the 60,000 members of the Canadian forces who made the supreme sacrifice. The stone of the altar is the gift of His Majesty's government in Great Britain, made on behalf of the people of the British Isles.

On behalf of the government and the people of Canada, I have the honour to renew the expression of our thanks for this symbolic gift, and to invite His Royal Highness the Prince of Wales to perform the ceremony of dedication.

The Prince of Wales uttered these emotional words.

In the name of the people of Canada, I set apart the altar of this Chamber to receive and hold forever the Book of Remembrance that the glory of those whose names are written therein may live for all generations.

His Royal Highness then unveiled the altar.

Immediately, honourable senators, there was heard from below the word of command as the guard of honour presented arms; the flag on the Peace Tower was dipped, and bugles from a lofty position in the Tower sounded the Last Post.

The Minister of National Defence then spoke, the Honourable J.R. Ralston. He said this:

On this the eve of the anniversary of the outbreak of the war, it is eminently fitting that in the midst of our recollections of the Fathers of Confederation, who laid the foundations of Canadian nationhood—

We should remember that in this Chamber, because the Fathers of Confederation gave us some duties and responsibilities to perform 125 years ago. Mr. Ralston went on to say:

— we should turn aside to remember the sons and daughters, memorialized in the Chamber, who through the stress and strain of four years of war proved glorious builders of the edifice itself.

Faithfulness such as theirs has brought to the temple of our national life the strength which comes from determination, courage and perseverance, and has adorned it with the virtues of love of freedom and of justice, patriotism, and a willingness to endure even unto death.

Let us remind ourselves in this great presence that to be faithful to the memory of those who lie in Flanders fields, we who continue to build cannot afford to put in shoddy material or dishonest or careless workmanship.

On behalf of all Canadians, I thank His Royal Highness, his royal brother Prince George, and the Prime Minister of the old land, which bore the brunt and was undismayed, for their very intimate and personal association today with this our national memorial. I can say very earnestly that this appreciation will be felt in an especial manner by those whose dearest of earth will be written in the Book of Remembrance which this altar will bear.

The Prime Minister of Great Britain, the Right Honourable Stanley Baldwin, said this:

There were words spoken on this earth more than two thousand years ago which have often been with me in the days of the war and since. When Socrates was sentenced to death, he said to the judges: "And now we go our ways, I to die and you to live, but which is the better, God alone knows." And God alone does know.

For four years the cream of our generation streamed to France and Flanders and Gallipoli from all the corners of the earth, and when they passed along, they said to us who were left behind: "And so we go our ways, we to die and you to live, but which is the better, God alone knows." That secret will not be revealed until the time comes when we shall all have passed away.

Honourable senators, for the merchant seamen, that time is drawing near.

We ask this question: Has the sacrifice been made in vain? That question has often been asked; we alone, who survived, can give the answer. The happiest moment for us will be when we have so conducted ourselves in this world that we have made that sacrifice worthwhile and an answer to that question is found. Then, when the day comes that we pass on, those we meet whom we best loved on earth will say to us, "Our sacrifice, after all, was not in vain."

Honourable senators, I am sure that all senators will agree that my motion is timely and justifiable and enforces an appeal to both Houses to show Canada's appreciation to a group of gallant merchant seamen too long forgotten, and that both Houses of Parliament unite to prepare a place in the Memorial Chapel of the Peace Tower for a Book of Remembrance honouring Canada's merchant seamen who lost their lives serving Canada with honour and distinction in time of war.

Hon. Senators: Hear, hear!

On motion of Senator Neiman, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

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THE SENATE

Wednesday, May 13, 1992

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

Prayers.

SENATORS' STATEMENTS

GENERAL ELECTION

NUMBER OF DAYS LEFT IN CURRENT TERM

Hon. Royce Frith (Leader of the Opposition): Honourable senators, for the election clock watchers, to use Senator Murray's test, those of you government supporters who respect democracy have 192 days. Any of you, and I hope there are none, who are cowardly and contemptuous of democracy have 578 days.

[*Translation*]

BANKING, TRADE AND COMMERCE

THIRTEENTH REPORT OF COMMITTEE PRESENTED

Hon. Jean-Marie Poitras, Chairman of the Standing Senate Committee on Banking, Trade and Commerce, presented the following report:

Wednesday, May 13, 1992

The Standing Senate Committee on Banking, Trade and Commerce has the honour to present its

THIRTEENTH REPORT

Your Committee, which was authorized by the Senate on Tuesday, December 17, 1991, to conduct a special study on the Canada Deposit Insurance Corporation, the Canadian Life and Health Insurance Compensation Corporation and the Property and Casualty Insurance Compensation Corporation, respectfully requests that it be empowered to engage the services of such counsel and technical, clerical and other personnel as may be necessary for the purpose of such study.

Pursuant to Section 2:07 of the *Procedural Guidelines for the Financial Operation of Senate Committees*, the budget submitted to the Standing Senate Committee on Internal Economy, Budgets and Administration and the report thereon of that Committee are appended to this report.

Respectfully submitted,

JEAN-MARIE POITRAS
Chairman

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

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

BANKING, TRADE AND COMMERCE

NOTICE OF MOTION TO AUTHORIZE COMMITTEE TO DELAY TABLING OF REPORT

Hon. Jean-Marie Poitras: Honourable senators, I give notice that on Thursday next, May 14, 1992, I will move:

THAT notwithstanding the order of reference adopted by the Senate on December 17, 1991, the Standing Senate Committee on Banking, Trade and Commerce be authorized to table the final report on its special study of the Canada Deposit Insurance Corporation, the Canadian Life and Health Insurance Compensation Corporation and the Property and Casualty Insurance Compensation Corporation no later than October 29, 1992.

[*English*]

CANADA-UNITED STATES INTERPARLIAMENTARY GROUP

THIRTY-THIRD MEETING—REPORT OF CANADIAN SECTION TABLED

Hon. Efstathios William Barootes: Honourable senators, I have the honour to table the report of the Thirty-third meeting of the Canada-United States Interparliamentary Group, Canadian section, which was held on April 9 to 13, 1992.

FISHERIES

NOTICE OF MOTION TO AUTHORIZE COMMITTEE TO CONDUCT STUDY

Hon. Eileen Rossiter: Honourable senators, I give notice that on Thursday next, May 14, 1992, I will move:

That the Standing Senate Committee on Fisheries be authorized to examine and report upon the current conditions and future prospects of Canada's Atlantic commercial inshore fisheries and any related matters; and

That the committee present its final report to the Senate no later than 31st March, 1993.

GOODS AND SERVICES TAX

PRESENTATION OF PETITIONS

Hon. Royce Frith (Leader of the Opposition): Honourable senators, I have some petitions to present on behalf of Canadians in Quebec, New Brunswick and Ontario. In all cases the recital refers to the GST adopted by the Conservative Government, refers as before to the unprecedented

assault on the income of Canadians, confronting them with a rise in inflation, et cetera, and refers to the fact that the methods used by the government are unworthy of a democratic country, being rather the work of lawmakers who want to implement a dictatorship by, to use the poetic phrase, "snapping their fingers at the general opposition of the population"—an apt description and accurate, as poetry usually is—and therefore asks for theabolition of the goods and services tax and demands a general election immediately.

In Quebec the petitions come from Barrante, Belcourt, Blainville Boisbriand, Chicoutimi, Dollard-des-Ormeaux, Kirkland, La Croche, Laval, Longueuil, Montreal, Pierrefond, Roxboro, Senneterre, Senneville, Siscoe, Sullivan, Ste-Thérèse, and Val D'Or. In New Brunswick they are from Bas Caraquet, Caraquet, Grande-Anse, Pokesudie, Shippagan, St. Isidore, St. Léolin, St. Simon. In Ontario the petitions are from Belle River, Comber, Dover Center, Grande Pointe, Lighthouse Cove, Paincourt, Sarnia, St. Joachim, Stoney Point, Tilbury and Windsor.

The totals are as follows: From Quebec there are 27 petitions with 564 names; from New Brunswick there are five petitions with 101 names, and from Ontario there are six petitions with 139 names. Total petitions, 38; total names, 804.

[*Translation*]

Hon. Jacques Hébert: Honourable senators, I also have the honour to present petitions signed by 500 citizens of Ontario who oppose the goods and services tax.

It is amusing to note that Quebecers write to Senator Frith and Ontarians write to me! These petitions come mainly from Scarborough, Rexdale, Toronto, Etobicoke, Peterborough, Oshawa, Downsview and Oakville.

These are 500 citizens who do not agree that the GST should apply to books and periodicals and who will remember this government's contempt for culture at election time.

● (1410)

[*English*]

PRIVATE BILL

NORTHWEST CANADA CONFERENCE EVANGELICAL CHURCH—BILL TO AMEND ACT OF INCORPORATION—REPORT OF COMMITTEE

Leave having been given to revert to Presentation of Reports from Standing or Special Committees:

Hon. Nathan Nurgitz, Chairman of the Standing Senate Committee on Legal and Constitutional Affairs, presented the following report:

Wednesday, May 13, 1992

The Standing Senate Committee on Legal and Constitutional Affairs has the honour to present its

TWELFTH REPORT

Your Committee, to which was referred the Bill S-9, An Act to amend An Act to incorporate the Northwest Canada Conference Evangelical Church, has, in obedience to the Order of Reference of Tuesday, May 5, 1992, examined the said Bill and now reports the same without amendment.

Respectfully submitted,

NATHAN NURGITZ
Chairman

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

On motion of Senator Olson, bill placed on the Orders of the Day for third reading at the next sitting of the Senate.

EXTRADITION ACT

BILL TO AMEND—REPORT OF COMMITTEE

Hon. Nathan Nurgitz, Chairman of the Standing Senate Committee on Legal and Constitutional Affairs, presented the following report:

Wednesday, May 13, 1992

The Standing Senate Committee on Legal and Constitutional Affairs has the honour to present its

THIRTEENTH REPORT

Your Committee, to which was referred the Bill C-31, An Act to amend the Extradition Act, has, in obedience to the Order of Reference of Wednesday, May 6, 1992, examined the said Bill and now reports the same without amendment.

Respectfully submitted,

NATHAN NURGITZ
Chairman

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

On motion of Senator Balfour, bill placed on the Orders of the Day for third reading at the next sitting of the Senate.

QUESTION PERIOD

THE ENVIRONMENT

EARTH SUMMIT IN RIO DE JANEIRO—COMPOSITION OF CANADIAN DELEGATION

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, I realize that the Leader of the Government is not present today, so my question is directed to the Deputy Leader, and perhaps it can be followed up and an answer provided.

My question is in relation to the Rio Conference on the Environment. I know that there have been some discussions carried on with the Leader of the Government in the Senate in

this regard. I learned this morning that the Canadian group accompanying the Prime Minister will include a number of members of the House of Commons. I understand that there will be six members from the Standing Committee on Energy, Mines and Resources and six members from the Standing Committee on Forestry and Fisheries.

My question is: Will the group also include senators? The Senate also has an Energy committee and a Fisheries committee, and senators have as great an interest in environmental matters as do members of the House of Commons.

I realize the Deputy Leader is not in a position to answer the question now. However, perhaps he could put my question on the matter into the system. I think that it is important that the Senate, as an equal body in Parliament, has representation on that delegation.

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, I will take that question as notice and will obtain the answer as soon as possible.

TAXATION

"WHERE YOUR TAX DOLLARS GO"—NUMBER AND DISTRIBUTION OF GOVERNMENT PAMPHLET

Hon. Raymond J. Perrault: Honourable senators, on April 8 as reported at page 1355 of the *Debates of the Senate*, I asked a question about the number and distribution of a pamphlet entitled, "Where Your Tax Dollars Go" which was distributed by the Oakland, California-based Safeway Company in supermarkets in the Lower Mainland of British Columbia. The pamphlet was distorted, to say the least, with respect to statements made about the alleged prudence of the government in its recent budget and related matters. Subsequently, a reply has been received.

The government admits the Department of Finance printed 150,000 copies of this brochure. They say the cost of the printing amounted to $25,000. They say the pamphlet was distributed through various sources. Included in the answer received is the sentence:

> Targeted mailing lists and InfoNet Media Services (a division of Strategium Media Inc. of Rexdale, Ontario), which operates a supermarket information centre network, were also used to distribute the pamphlet.

It is a curious thing that a commercial organization would contact the government of Canada and say, "We want the Conservative explanation for the budget and the financial situation in Canada. We would like to send it out to eager consumers of supermarket products in various parts of Canada."

Senator Frith: To which the government said, "We thought you'd never ask."

Senator Perrault: Yes. The mystery deepens. This special printing of 150,000 pamphlets entitled "Where Your Tax Dollars Go" was targeted at my province of British Columbia. The government admits 110,000 brochures were distributed through Safeway stores in greater Vancouver. The reply goes on to say:

> Safeway is only one of over 40 regionally, provincially and nationally incorporated supermarket chains—representing a total of 904 stores . . .

My first question is: Why did the government and/or Strategium Media Inc. of Rexdale, Ontario, and/or InfoNet Media Services decide that British Columbians were in special need of edification? Who paid for the distribution of these pamphlets to the Safeway supermarkets in the lower mainland of British Columbia? Surely this is a legitimate question.

I ask if a government which states that it is involved in a painful exercise to save the taxpayers money, that professes to be obsessed with the need for prudence, would have enough money to print a propaganda pamphlet distributed through a commercial organization centred in Ontario, shipped out to British Columbia, and put on the racks of a supermarket chain in my community.

I want some more answers from this government. These questions must be asked. Why was it decided to print 150,000 copies without any apparent plan for "equitable"—I hate to use that word—distribution across Canada? Why were 50 per cent not sent to Ontario and a few more thousand to the Maritimes? British Columbia was singled out. Did it have something to do with the fact that Conservative popularity in the province of British Columbia has now plummeted to 6 per cent? My goodness, we make beer stronger than that out on the west coast. Is our area in special need of this propaganda?

Why should the Canadian taxpayer be asked to pay for this? You collect enough money from various industrial supporters in this country to pay for your own propaganda if you want to distribute pamphlets through the Safeway store chain based in Oakland, California.

In spite of the fact that the brochure is full of inaccuracies, exaggerations and half truths—and that alone is reason enough for no distribution at all—why were almost all of the copies channelled through Safeway of Greater Vancouver to the apparent exclusion of the other supermarkets in the province of British Columbia and all across the country? Has the Department of Finance no control over the distribution of its printed materials?

Who are the top officers of Strategium Media Inc. of Rexdale, Ontario? What association do they have with the Conservative party? What association do they have with the Minister of Finance? Give us their names. Who owns it? Who pays the bills? Did this company distribute the said brochure on its own volition at its own expense? Did they offer to distribute the gross distortions regarding the budget to the people of my province as a public service?

Is Safeway Canada part of the distribution network of the Department of Finance? In this respect, how many other companies and corporations are utilized by the Department of

[Senator Molgat.]

Finance to distribute its printed inaccuracies and misinformation? I want some answers.

● (1420)

There is something going on here. These questions must be answered in the public interest.

Senator Lynch-Staunton (Deputy Leader of the Government): Honourable senators, I will certainly make every attempt to find answers to the many questions asked by the honourable senator.

I remind him that, because of their nature, the questions he just posed would have been better delivered in written form rather than in his convoluted oral style.

Senator Perrault: I noted that the Deputy Leader of the Government was listening with rapt attention. I know he has his own personal form of shorthand, and I am sure there are enough witnesses to assist him with his memory should he have difficulty.

ANSWERS TO ORDER PAPER QUESTIONS TABLED

VETERANS AFFAIRS—PAYMENTS TO VETERANS IN LONG TERM CARE

Hon. John Lynch-Staunton (Deputy Leader of the Government) tabled the answer to Question No. 65 on the Order Paper—by Senator Marshall.

VETERANS AFFAIRS—LIST OF RECIPIENTS OF WAR DISABILITY PENSIONS AND WAR ALLOWANCES

Hon. John Lynch-Staunton (Deputy Leader of the Government) tabled the answer to Question No. 66 on the Order Paper—by Senator Marshall.

ELECTORAL BOUNDARIES READJUSTMENT SUSPENSION BILL

SECOND READING—ORDER STANDS

On the Order:

Resuming the debate on the motion of the Honourable Senator Forrestall, seconded by the Honourable Senator Kelly, for the second reading of Bill C-67, to suspend the operation of the Electoral Boundaries Readjustment Act.

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, I ask that this order stand.

Hon. Royce Frith (Leader of the Opposition): Honourable senators, I should like to say a word about Bill C-67.

Yesterday, we discussed the possibility of referring this bill to committee before it is given second reading in order to have it examined and to receive an opinion on its constitutional dimension. I thought that it might be better for us simply to stand it, as the Deputy Leader of the Government proposes to do. However, I want to have on the record the fact that we are asking for some opinions on that dimension, and I would suggest that, in addition to any opinions the Deputy Leader receives, he might want an opinion from our legislative counsel.

Rather than, as has been suggested, sending the bill to committee before second reading for examination of the constitutional question, I believe it would be preferable to stand the Order until we have these opinions and put them into the debate. We would then decide on second reading in that context.

In addition to information that I am told the Deputy Leader of the Government will be receiving concerning this question, we might see if we can get an opinion that we can give for consideration to our own legislative counsel.

Senator Lynch-Staunton: I hope that tomorrow we will have some reply to the comments of both Senator Stanbury and Senator Frith regarding the status of this legislation. Perhaps after that discussion we can decide on Senator Frith's suggestion.

Senator Frith: Moreover, our counsel may take note of what we have said today and decide to give us the benefit of his opinion.

Order stands.

SPECIAL ECONOMIC MEASURES BILL

SECOND READING—ORDER STANDS

Resuming the debate on the motion of the Honourable Senator Kelleher, P.C., seconded by the Honourable Senator Ross, for the second reading of Bill C-53, An Act to provide for the imposition of special economic measures.

Hon. Royce Frith (Leader of the Opposition): Honourable senators, I propose to make an intervention on this item tomorrow.

Order stands.

COASTING TRADE BILL

SECOND READING—DEBATE CONTINUED

On the Order:

Resuming debate on the motion of the Honourable Senator Rossiter, seconded by the Honourable DeWare, for the second reading of Bill C-33, respecting the use of foreign ships and non-duty paid ships in the coasting trade.

Hon. Raymond J. Perrault: Honourable senators, to assure honourable senators on the other side that I am not unremittingly critical of their endeavours, I must say that the general thrust of this bill is good.

Many honourable senators will recall Bill C-52, which died on the Order Paper when the 1988 federal election was called.

● (1430)

Bill C-52, as honourable senators will recall, had been passed by the House of Commons, but the concerns registered here in the Senate regarding the treatment of the cruise ship industry delayed the bill until the session had ended and the new Parliament was elected into office.

Bill C-33 is, in fact, a revised and rewritten Bill C-52 which is designed to reserve the Canadian coasting trade to Canadian ships, to extend the jurisdiction of the coasting trade provisions, and to expand the coasting trade of Canada to include all exploitation-marine activities with respect to waters within the continental shelf. That general thrust is deserving of support.

At the present time, coasting trade activities in Canada are governed by Part X of the Canada Shipping Act. With this bill, these activities will come under more specific legislation. Coasting trade is currently defined under the Canada Shipping Act as the carriage, by water or by land and water, of goods or passengers between two places in Canada, either directly or by way of a foreign port.

The definition is made more clear in the bill before us. It specifies that any movement between two Canadian points, even with a stop in American waters, is coasting. This covers trips made with stops in American ports for the purposes of sight-seeing. The definition was designed to assist the Canadian tour boat industry.

Certainly, none of us should underestimate the importance of the cruise ship and tour boat industry in this country. The cruise business annually is worth over $100 million directly to the economy of British Columbia. Last year almost 424,000 people, mostly U.S. citizens, embarked and disembarked in the port of Vancouver en route to Alaska holidays.

There are some other important figures regarding the importance of this industry, honourable senators. I talked about the $100 million-plus direct impact. It is derived from the cruise tour season to Alaska which extends from about mid-May to late September each year. During the season, international cruise ships make stops at ports in British Columbia, chiefly Vancouver.

Cruising activity directed to Alaskan destinations has grown steadily over the last 32 years. With a total of 423,928 passengers embarking and disembarking in Vancouver during the season just completed, the seasonal cruise theatre continues as the fourth most popular cruise tour area after the Caribbean, the Bahamas, and Mexico. In the 1991 Alaska cruise season, 21 ships were engaged, one of which sailed on round-trip voyages to San Francisco, and 20 which made Vancouver their southern port of call.

The choice of Vancouver as the southern port of call is largely due to the United States Passenger Service Act of 1886

[Senator Perrault.]

which prohibits carriage of passengers in a foreign-flagged ship from one United States port to another. The act does permit disembarkation of passengers at the port of original embarkation, and an exception exists for the carriage of passengers between United States ports and Puerto Rico.

It may not be generally known that the Alaska cruise industry provides substantial financial spin-off benefits to Alberta and the Yukon Territory. For many years, subsidiaries of the principal companies involved have promoted cruise-related motorcoach and rail tours in Alberta and B.C., and motorcoach tours in the Yukon.

I have just obtained a summary based upon a study prepared for the North West Cruise Ship Association by Jonathan Seymour & Associates of Vancouver of the direct economic benefits reasonably estimated to have been received in western Canada during the past three seasons covering many categories. There is too much detail to impose upon the time of senators to read it all.

For marine services, provisioning, transfer, tourism, the total direct economic benefit in 1991 alone was $139.8 million. When the accepted industry multiplier of 2.5 is applied to such direct benefits in order to calculate the indirect financial benefits realized as a consequence of the direct expenditures, a total of approximately $350 million in direct and indirect benefits is indicated for the 1991 season.

Those are incredible figures. The benefits are not just held in the greater Vancouver area of the province of British Columbia. They are spread in many other directions. That is why I think the government should be commended for realizing the importance of the industry. The need to assure the viability of that industry is enshrined in this measure before us. It may even enable the establishment of an east coast cruise tour theatre service, New York to Montreal, and the estimated economic benefits to Canada east down the line will be just as large as they are on the west coast.

Such a development will be of very great economic importance. The normal projected cruiseship season for our friends in eastern Canada, involving east coast ports, will extend from May 14 to October 20 for a total of 158 days, permitting 13 seven-day northbound trips from New York to Montreal and 13 seven-day southbound trips from Montreal to New York.

Just some brief figures for my friends and colleagues in the other Atlantic provinces and Ontario and Quebec: Money spent in Canada on pre- and post-cruise hotel accommodations, with one-third of passengers estimated to make overnight stays, will amount to about $1 million in direct benefit in the first year.

Under the category heading "discretionary spending in port calls," a Tourism Canada study of the eastern Canadian cruise industry in 1988 indicated an average expenditure of almost $65 per person based on the total passengers carried. Therefore with three port calls in the course of a seven-day cruise,

money spent in Canada would be $3,066,531. That is just for the first year.

Airport transfers do not seem to be an important factor in a sense, but an $85,000 benefit will accrue from persons not staying at a hotel; air transport taxes will realize $500,000; Canadian air carriers, $666,000. It all adds up in the first year to an economic benefit to the eastern provinces of $15 million.

That is encouraging. And this bill makes it possible for those in the cruise ship industry to make decisions based on the fact that there will be a measure in place to allow this industry to expand and grow. Understandably, some of the American cities are quite concerned about this activity.

The City of Seattle, Washington, is lobbying diligently in Washington to get exemption from U.S. legislation that prohibits foreign-flagged ships from carrying passengers between U.S. ports. If is succeeds, the Port of Seattle Authority has said it will build a cruise ship terminal and go after Vancouver's business. We are pretty good competitors, we Canadians, wherever we live. I think we will be able to fight off that challenge. Certainly, we must work to ensure that Canada's position is secure in the face of this potential challenge from U.S. ports.

The cruise industry in North America grew by 10 per cent per year for most of the 1980s, and it represents a great and increasing potential for revenue in the years to come.

Speaking of cruise ships, an advertisement was provided to me from the Montreal *Gazette* of Saturday, May 2. It talks about a seven-day St. Lawrence-Saguenay cruise sponsored by the OdessAmerica Cruise Company Club 50. I do not want to provide commercial time for any company here, so I will not go into the fare details. However, it is rather intriguing. This company advertises a Montreal-to-Montreal trip with visits to St. Pierre and Miquelon, Gaspé, and Quebec City. The advertisement says that the company is operating under a Quebec permit. I really do not know what the Quebec permit is all about. I hope that the sponsor of this bill will jot it down and provide an answer. The advertisement reads: "Quebec Permit/Port of Registry, Odessa, Ukraine".

There are some people in the tour industry who say that the fact that the tour is stopping at St. Pierre and Miquelon puts it in the category of being an international trip and, as a result, it will be exempt from certain Canadian regulations.

I think we should look at that. It looks like a very attractive trip. They are offering Ukrainian cuisine and Ukrainian dancing. It sounds like a real fun trip, but it does give rise to some questions. Can foreign cruise ships qualify to ply our waters just because they stop at a French port like St. Pierre? I do not know the answer and I would truly like to know.

The bill would require a foreign ship or non-duty-paid ship to apply for a licence to engage in coasting. Some ships, however, would be exempt from licence requirement. Those foreign ships engaged in ocean research activities, marine scientific research, salvage operations, marine pollution operations and Distant Early Warning Line resupply would not be required to apply for a licence. Unlicensed ships would be permitted to assist in emergency situations.

The Minister of National Revenue would issue a licence where he or she was satisfied that no Canadian ship was suitable or available to provide the services as described in the application. That is fair enough if in actual fact there is no Canadian ship available. Some people in the shipping industry are concerned that a company may claim that they cannot find another ship and request and receive a fast application approval for a ship registered in Formosa, Bermuda or some other place. Could this provision be used as a way to avoid the spirit and letter of the law? Perhaps the government spokesman can answer this question for me as well.

The minister will also have to be satisfied that arrangements have been made for the payments of duties and taxes under the Customs Tariff and the Excise Tax Act. The foreign ship would have to meet all safety and pollution prevention requirements imposed by any law of Canada applicable to that foreign ship. Again, that is fair enough.

Any licence the minister might issue would be subject to such terms and conditions as the minister considered appropriate with respect to the services to be performed and the places where the ship is to perform those services.

The licence would be effective until either the expiry of the ship's safety certificate or 12 months from the date of issue of the licence, whichever is sooner. The licence would be suspended or cancelled if the ship owner was convicted of prohibited acts relating to navigating or shipping.

The Governor in Council would be able to determine the number of licences that might be issued, thus enabling the government to control the number of foreign ships involved in the Canadian coasting trade. That is a proper protection of the Canadian industry.

Under the bill the National Transportation Agency would have the authority to rule whether a Canadian ship could provide the services described on the application for a coasting licence. It would also ensure that all certificates and documents relating to the foreign ship were valid and in force as well as ensuring that foreign ships met all safety and pollution prevention requirements.

Some people concerned with this bill think that a register should be established. In that way, if you are in the shipping business and you have some bottoms available to transport goods, you could register your company's name and as soon as an application is made to use a foreign-owned vessel the Canadian company would have the right to be informed immediately, and the opportunity to advise the National Transportation Agency whether it has a Canadian ship available to transport a cargo. The National Transportation Agency would be able to access the information needed to establish the availability of Canadian shipping alternatives and the usage of Canadian and non-duty ships.

Clause 11 of the bill would allow the Minister of Transport and the Secretary of State for External Affairs to attempt, through consultation, to eliminate unfair practices which Canadian ships are subject to in another country. In the event that the consultation failed, the Governor in Council would have the authority to take such action as deemed appropriate.

To enforce the bill the Minister of Transport could designate enforcement officers. Where a ship was found to contravene the act, it would be liable to a fine not exceeding $50,000—an entirely appropriate amount. For an offence that continued for more than one day, the ship would be charged with a separate offence for each day the offence continued and an additional fine could therefore be imposed for each day.

As I said at the outset, honourable senators, the thrust of the bill is constructive. There are, however, some concerns. There is concern about the discrepancies which may exist between laws applicable to Canadian ships and those applicable to foreign ships. Will foreign ships applying for licences be required to meet the same provisions as Canadian vessels?

Foreign ships operating on our coasting trade should be liable to meet every stringent safety standard with which our Canadian vessels must comply, and Canadian standards are some of the best in the world. Our safety standards are tougher than those in many countries, especially those in the United States, and therefore the cost per vessel for establishing these standards is said to be much higher in Canada.

Another concern raised in previous discussions of this measure in the other place and by some senators on this side, is the status of the passengers. Certainly Canadian passengers on ships plying our waters should be assured that regardless of who transports them they will be guaranteed high standards of safety wherever the company is registered. An amendment was proposed in the other place to read, "... the Minister of National Revenue may issue a licence in respect of the foreign ship." This would provide some discretion to the minister, and we think this is a case where the minister should have some discretion. It is difficult to understand why the government refused to accept this amendment in the other place. The wording remains "shall". The present wording, it is feared, makes it mandatory for the minister to issue a permit when he receives a recommendation from the national agency established to evaluate these requests.

Does this present the risk that a shipper may simply proceed to concoct specifications for ships known not to be in Canada, giving the minister no choice but to issue a licence? This concern has been expressed by a number of people, including members of the Seafarers International Union of Canada as well as other interests.

The suggestion has been made, and again I present it to the Senate, that a notice period of 14 to 30 days should be implemented before a licence is issued. Many of us would be quite pleased with the 14-day figure because, in practical reality, 30 days may be entirely too long. The terms of this clause might discourage a frequent issuance of licences where similar Canadian ships might be able to accept the shipment. Concern has been expressed that a licence system that is easily accessed could result in an abuse of the system, losses to Canadian shippers and a loss of jobs to Canadians. A similar provision was included in Bill C-52 but was withdrawn because of pressure from the Atlantic provinces' transportation commissions.

[Senator Perrault.]

The Canadian Maritime Industries Association supports a Canadian-built ship requirement. Many Canadian shipyards are in desperate economic straits, especially in view of the phasing out of the shipbuilding industry assistance program and the productivity improvement grants that had aided Canadian shipbuilders.

I recall the oratory of 1984. It was particularly strident in the province of British Columbia. All of the Progressive Conservative candidates in B.C.'s Lower Mainland said that they intended to revive the shipbuilding industry of British Columbia, that this was an "action" government. They said they would build the world's largest polar ice-breaker, and that this would mean thousands of jobs for British Columbia.

I was almost inspired to review my own party's status when I heard the fiery oratory. I could not believe it. Yet, after the elections of 1984 and 1988, they cancelled the Polar 8 project on the west coast. You might think that after cancelling the Polar 8 project they would have reallotted some of the shipbuilding contracts to west coast yards in order to maintain that pool of highly skilled labour in the west coast shipbuilding industry. Why was it not possible to assign some of the frigate contracts or the coast guard contract to the west coast?

● (1450)

We have not had anything on the West Coast. The promise for a Polar 8 project elected dozens of Conservative candidates in British Columbia in two elections. I remember John Crosbie, on a windswept afternoon in the shipyard in North Vancouver, saying, "It is a solemn commitment from this government; we will build the greatest icebreaker ever launched." Well, that commitment melted. It has become the greatest non-icebreaker ever built, and one of the largest promises ever broken. Please do not revive that promise in the next election, which cannot come too soon. Do not have your local ministers once again saying, "We have gone through an agonizing reappraisal, and we have decided that we will build the old Polar 8 icebreaker after all." It will not work. Think of something else.

Senator Molgat: There is an election coming up; you never know.

Senator Perrault: I cannot convey to you the depth of the anger on the West Coast after the commitments to build that icebreaker were broken. The cancellation of the project was announced, yet no replacement work was forthcoming. It was an abdication of responsibility on the part of the government.

Senator Molgat: A typical, solemn promise.

Senator Perrault: When a Liberal government was in office, we built some of the best ships ever built in Canada on the West Coast and, yes, on the East Coast as well. It is important that on both coasts of this nation we maintain that highly skilled pool of shipbuilding expertise. This business of breaking pledges to West Coasters will not be easily forgotten. We have not received our fair share of shipbuilding from this government.

I mentioned safety a few moments ago. There is another aspect of safety with regard to foreign-licensed ships; that is, the status of foreign crews. This bill does not guarantee that foreign ships would be crewed comparably to Canadian ships. The number of deck hands and the working conditions on board are not mentioned. That is a cause of concern. In fact, another question should be asked: Do we want poorly compensated workers operating within Canadian waters?

We had a terrible incident last month in Vancouver involving a crew from Chile, the members of which had not been paid for weeks and months. Members of our Local Port Authority and union boarded the craft, and conditions on board the vessel were terrible—one would not subject animals to such squalor. We have a responsibility as supporters of human rights to be concerned about the workers who operate within our waters, whether or not they are Canadian.

Questions have also been raised about the clause that will allow the Governor in Council to make regulations prescribing the criteria to be applied by the National Transportation Agency when making determinations in respect to application for license. Would this give the government carte blanche with respect to licensing of foreign ships, which would not be the case with respect to criteria itemized in the legislation? This concern has been expressed by a number of organizations in this country.

The representations that I have received say, "Yes, the bill is moving in the right direction, and there is a lot of good in it." However, these individuals and groups are asking for a more comprehensive bill which would include a requirement that new vessels be built in, and that all present fishing vessels be maintained in, Canadian shipyards. It would also have all ships crewed by Canadians and increased tariffs for all vessels newly constructed, purchased or refitted outside of Canada from 25 per cent to 40 per cent. This is something that our committee should have considered. The committee should have heard representations from the Canadian Maritime Industries Association.

While the bill moves in the right direction, a number of fears remain. Certainly, the government should provide members of this Chamber—and I hope the sponsor of this bill will answer some of these questions—with a firm commitment that the implementation of the measures contained in this bill will be monitored closely, and that immediate remedial action will be taken before anyone attempts to distort or abrogate the conditions called for in the bill. These are times in which the entire transportation sector is under assault, and Canada's transportation gateways are in jeopardy, whether they offer rail transport or marine transport. We must move to improve the competitive position of our transportation gateways, or we will lose jobs and the economies of regions in all parts of Canada will suffer.

I want to give you an example. We are losing ground to U.S. transportation companies in U.S. ports now. In 1991, some bulk exporters began shipping via U.S. ports, where others made it clear they are investigating U.S. options. That is an incredible situation, to have Canadian industries opting to ship through U.S. ports because they think they can save a great deal of money. Based on practical, bottom-line results, one can understand their decisions in some cases. However, we must make our Canadian transportation gateways and ports competitive.

A recent round table report on transportation issued in Vancouver reveals that Seattle and other U.S. ports have also captured 70 per cent of the container market traffic from the Far East to Ontario and Quebec. Whether we are speaking of marine transport, rail transport or any other form of transport, we must help level the Canadian-U.S. playing field for transportation.

Canadian railways feed the port of Vancouver 80 per cent of the port's total traffic. Yet, Canadian railways pay 54 per cent more in taxes than U.S. railroads, 43 per cent higher fuel taxes, and property taxes between 38 and 160 per cent higher than the United States. How can we possibly compete?

Vancouver and Fraser ports in 1990 moved 88 million tonnes of cargo, 70 per cent of which was destined for international markets. Vancouver's total cross-Canada direct and indirect economic impact includes some 20,000 person years of employment, $1 billion of labour income, and $0.5 billion in payments to governments.

One of the purposes of this bill before us—and it represents a good cooperative endeavour involving all the parties on the Hill—is to make our marine sector more competitive and economically viable. This is a commendable objective; but, again, may I urge the government in the strongest possible terms to provide us with assurances that continuing surveillance will be maintained to make certain that the objectives of the legislation are properly served.

Let us move this measure into committee as quickly as possible. Perhaps the government will look sympathetically on certainly amendments that we may wish to propose. I know that those on the other side are basking in a spirit of goodwill these days, and we eagerly anticipate having them support some of the ideas that we intend to propose at that time.

Some Hon. Senators: Hear, hear!

On motion of Senator Forrestall, debate adjourned.

[*Translation*]

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

TWENTY-SECOND REPORT OF COMMITTEE ADOPTED

The Senate proceeded to consideration of the Twenty-Second Report of the Standing Committee on Internal Economy, Budgets and Administration (Supplementary Budget—Banking, Trade and Commerce), presented in the Senate on May 12, 1992.

Hon. Thérèse Lavoie-Roux: Honourable senators, I move the adoption of the Twenty-Second Report of the Standing Committee on Internal Economy, Budgets and Administration.

Motion agreed to and report adopted.

[*English*]

THE ENVIRONMENT

ADHERENCE TO TREATIES ADOPTED AT EARTH SUMMIT—NOTICE OF INQUIRY

Leave having been given to revert to Notices of Inquiries:

Hon. Stanley Haidasz: Honourable senators, I give notice that on Tuesday, June 16, 1992, I will call the attention of the Senate to the importance and urgency of federal governments' fulfilling their commitments to treaties protecting the global environment, adopted at the Rio de Janeiro Earth Summit, and the role of parliamentarians in this matter.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Thursday, May 14, 1992

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

Prayers.

SENATORS' STATEMENTS

GENERAL ELECTION

NUMBER OF DAYS LEFT IN CURRENT TERM

Hon. Royce Frith (Leader of the Opposition): Honourable senators, with regard to the election clock for today, for the respecters of democracy—and I know that Senator Marshall is one of those, it reads 191 days. But for any, and I hope there are none in this house, who are cowardly and contemptuous of democracy, the remaining days are 577.

I wish everyone an enjoyable long weekend. However, even though it is a long weekend, the clock will be ticking. By the time we get back here on Tuesday the clock will be down to 186 days. I do not want to spoil anyone's weekend; I just want to remind you that the clock will be ticking this long weekend.

[*Translation*]

CANADA DEPOSIT INSURANCE CORPORATION ACT

BILL TO AMEND—FOURTEENTH REPORT OF BANKING, TRADE AND COMMERCE PRESENTED AND PRINTED AS APPENDIX

Hon. Jean-Marie Poitras: Honourable senators, the Standing Committee on Banking, Trade and Commerce has the honour to present its fourteenth report.

I ask that the report be printed as an appendix to the *Debates of the Senate* and *Minutes of the Proceedings* of this day and 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, p. 1515.*)

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

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

[*English*]

ENERGY, THE ENVIRONMENT AND NATURAL RESOURCES

FIRST REPORT OF COMMITTEE PRESENTED AND PRINTED AS APPENDIX

Hon. Dan Hays: Honourable senators, I have the honour to present the first report of the Standing Senate Committee on Energy, the Environment and Natural Resources concerning the committee's budget application for the fiscal year 1992-93.

I ask that the report be printed as an appendix to the *Minutes of the Proceedings of the Senate* and to the *Debates of the Senate* of this day and that it form part of the permanent record of this House.

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

Hon. Senators: Agreed.

(*For text of report, see appendix, p. 1518.*)

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

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

[*Translation*]

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

TWENTY-THIRD REPORT OF COMMITTEE PRESENTED

Hon. Thérèse Lavoie-Roux, Chairman of the Committee on Internal Economy, Budgets and Administration, had the honour to present the following report:

THURSDAY, May 14, 1992

The Standing Committee on Internal Economy, Budgets and Administration has the honour to present its

TWENTY-THIRD REPORT

Your Committee has examined and approved the supplementary budget presented to it by the Chairman of the Standing Senate Committee on Energy, the Environment and Natural Resources, for the proposed expenditures of the said Committee to engage the services of such counsel and technical, clerical, and other personnel as may be necessary for the purpose of its examination and consideration of such bills, subject-matter of bills, and estimates as may be referred to it, as authorized by the Senate on Wednesday, April 8, 1992. The said supplementary budget is as follows:

Professional and Other Services	$53,829.00
Transportation and Communications	40,075.00
Other Expenditures	4,500.00
TOTAL	$98,404.00

Respectfully submitted,

THÉRÈSE LAVOIE-ROUX
Chairperson

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

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

[*English*]

ADJOURNMENT

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding rule 59(1)(*h*), I move:

> That when the Senate adjourns today it do stand adjourned until Tuesday next, May 19, 1992, at eight o'clock in the evening.

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

Hon. Senators: Agreed.

Motion agreed to.

[*Translation*]

GOODS AND SERVICES TAX

PRESENTATION OF PETITIONS

Hon. Jacques Hébert: Honourable senators, I have the honour to present petitions signed by 193 citizens of Ontario who oppose the goods and services tax.

These petitions come mainly from Thornhill, Don Mills, Willowdale, Scarborough, Toronto and Cornwall. These 193 people are especially annoyed that this regressive, unfair tax applies to books and periodicals.

They will remember that the Conservative senators voted unanimously against a proposed Liberal amendment that would have exempted books and periodicals from any tax, as most civilized countries in the world do.

QUESTION PERIOD

[*English*]

JUSTICE

SOCIAL UNREST—PROPOSED MEETING OF PRIME MINISTER WITH BIG CITY MAYORS AND FEDERATION OF MUNICIPALITIES

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, my question is to the Leader of the Government in the Senate. Last week I asked him whether there was a possibility that the Prime Minister would meet with the mayors of key cities in Canada in response to the problem of social unrest, which was manifesting itself in Toronto. I read into the record then a request from the mayors written by the Mayor of the City of London. I have not seen any report of any meeting. Is anything happening?

● (1410)

Hon. Lowell Murray (Leader of the Government): I am sorry to say, honourable senators, that I do not have a report on that matter. I shall renew the inquiry.

THE SENATE

INVOLVEMENT IN OFFICIAL EVENTS ON PARLIAMENT HILL

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, I am concerned about the role of the Senate on Parliament Hill and whether we are indeed being considered as part of Parliament. I have always thought that we were an integral part of Parliament, which is made up of the two houses, but of late it seems the Senate is being overlooked. That may seem like a small detail, and I am not suggesting it is the end of the world, but it keeps on recurring.

For example, last week a press release was sent to all employees on Parliament Hill informing them of the return of the historic noonday gun salute to the Hill. This release was jointly from the Speaker of the House of Commons, the Honourable John A. Fraser, and the Chairman of the National Capital Commission. A day or so ago another activity on Parliament Hill involved the planting of a tree; I believe it was part of the Green Program.

If the Senate is indeed an integral part of Parliament, it seems to me that any event or ceremony affecting Parliament should involve not just one house, or the Speaker of one house, but both houses and the Speakers of both houses. Could the minister tell us why there seems to be this dichotomy, and why this house is not being treated as part of Parliament?

Hon. Lowell Murray (Leader of the Government): Honourable senators, let me say first of all that I agree fully with the general principle enunciated by the Deputy Leader of the Opposition. As far as the particular cases are concerned, I cannot say very much about them, but my impression is that

the exercise involving the noonday gun is funded by the National Capital Commission and by the budget of the House of Commons. For that reason Mr. Speaker Fraser and Mrs. Piggot were the two leading personalities involved in that ceremony.

Senator Molgat: Honourable senators, I appreciate the funding aspect, but was there even any suggestion that we might participate or that we should be asked to consider the matter? If we had said that we did not want to participate, then I would say it is our problem. However, if an event takes place on Parliament Hill, there is absolutely no reason why the two houses should not be treated equally. If we choose not to participate that is our problem, but in the first instance we ought to have the opportunity to be involved in whatever goes on on Parliament Hill equally with the other place.

Senator Murray: Honourable senators, as I said, I do not disagree with that principle at all.

EXTRADITION ACT

BILL TO AMEND—THIRD READING

Hon. R. James Balfour moved the third reading of Bill C-31, to amend the Extradition Act.

Motion agreed to and bill read third time and passed.

ELECTORAL BOUNDARIES READJUSTMENT SUSPENSION BILL

SECOND READING—DEBATE CONCLUDED

On the Order:

> Resuming debate on the motion of the Honourable Senator Forrestall, seconded by the Honourable Senator Kelly, for the second reading of Bill C-67, An Act to suspend the operation of the Electoral Boundaries Readjustment Act.

Hon. Lowell Murray (Leader of the Government): Honourable senators, I was here on Monday night when our friend Senator Stanbury spoke to this matter, as did the Leader of the Opposition. Since that time, I have taken the time to read the speech that Senator Stanbury made and the brief remarks by the Leader of the Opposition, and also to take counsel with our advisors—particularly our legal and constitutional advisors—concerning this bill.

I intend to place on the record some notes that have been given to me which set out the government position on the matter and which I believe lay out the legal and constitutional basis of the bill. Nevertheless, I am aware from hearing Senator Stanbury on Monday night and from reading his speech, that he has raised important and interesting policy considerations and constitutional considerations which he wants to explore further.

When I have finished my remarks, if the house gives second reading to the bill, I would propose that it be referred to the Standing Senate Committee on Legal and Constitutional Affairs. While I cannot undertake to produce all of the witnesses that Senator Stanbury has mentioned, I will undertake that we will provide witnesses who are competent and authorized to deal with and to address the legal and constitutional points, as well as the policy considerations that he has raised.

The first point I wish to make, honourable senators, is that Bill C-67 is not an attempt to undermine representation by population, nor is it an attempt to amend the Constitution of Canada. The purpose of the bill is to suspend the operation of the redistribution process for a very short period while possible amendments to the process are considered.

The bill provides that the usual redistribution will be suspended for only one year. If there happens to be a general election in progress at that time, then the suspension will extend until 180 days after the election writs are returned. If the Parliament of Canada has done nothing to amend the act by then, the act comes back into force. So there is an ultimate deadline for action in this case.

I may say that this is not the first time Parliament has legislated in this sense. Some honourable senators will recall that in 1973 an act virtually identical in its effect was passed by Parliament and given Royal Assent. The act in question at that time was An Act to suspend the operations of the Electoral Boundaries Readjustment Act, which is exactly the title of Bill C-67.

Honourable senators will see in clause 3 of Bill C-67 that the chief statistician is obliged to start the process over again after the temporary suspension is over. There is nothing in Bill C-67 which is incompatible with the Constitution, since it is simply a deferral of the beginning of a very lengthy and costly process.

Provisions related to electoral distribution are set out in section 51 of the Constitution. This bill does not affect section 51 in any way. Let me read subsection 51(1) to reinforce my point:

• (1420)

> 51.(1) The number of members of the House of Commons and the representation of the provinces therein shall, on the coming into force of this subsection and thereafter on the completion of each decennial census, be readjusted by such authority, in such manner, and from such time as the Parliament of Canada from time to time provides, subject and according to the following rules:
>
> 1. There shall be assigned to each of the provinces a number of members equal to the number obtained by dividing the total population of the provinces by two hundred and seventy-nine and by dividing the population of each province by the quotient so obtained, counting any remainder in excess of 0.50 as one after the said process of division.
>
> 2. If the total number of members that would be assigned to a province by the application of rule 1 is less than the total number assigned to that province on

the date of coming into force of this subsection, there shall be added to the number of members so assigned such number of members as will result in the province having the same number of members as were assigned on that date.

The Constitution remains unchanged by this bill. A redistribution must take place after each decennial census. Bill C-67 merely delays the start of the next redistribution for a period of time.

If it is decided that the redistribution process should be reformed after the recommendations of the Lortie Commission are analyzed, then new legislation either amending section 51 of the constitution or the Electoral Boundaries Readjustment Act, or both, would be brought before Parliament, including of course the Senate. Honourable senators would have the opportunity to address any issues of concern at that time.

If such an amendment to the Constitution were proposed, it would be done by simple legislation in Parliament in accordance with section 44 of the Constitution Act, the amending formula that provides for amendment of the Constitution in certain respects by the action of Parliament alone. The Senate's approval would then be necessary.

As it happens, section 51 of the Constitution has been amended by legislative action several times in the past to take account of new circumstances. The latest amendment was the Representation Act, 1985. I have looked at the Constitution Act, page 13 of my consolidation, which is dated October 1, 1989. A quick reading of the footnotes at page 14 and 15 indicates that section 51 had also been amended in 1952 and 1974 by legislative action of Parliament.

Bill C-67 does not touch the formula in section 51, and it does not in any way suspend part of the constitution. For quite legitimate reasons, with which Senator Stanbury agrees, we felt it advisable to delay the next redistribution. It would save time and money being expended while we look at the work done and the recommendations made by the Lortie Commission.

Honourable senators, there endeth the notes and advice that I have been given on this matter and which I have been pleased to place on the record. As I indicated, if honourable senators are prepared to give second reading to this bill now, we would do as Senator Stanbury asks and propose its referral to the Standing Senate Committee on Legal and Constitutional Affairs, there to explore further with competent and authorized witnesses the policy considerations and legal and constitutional points of interest to Senator Stanbury and other colleagues.

● (1430)

Hon. Royce Frith (Leader of the Opposition): Honourable senators, an argument could be made that leave is required in order for me to speak to this item again, although I could make the counter-argument that when it was before us last I moved its adjournment and that motion was not opposed.

[Senator Murray.]

If some honourable senator wishes to raise such a point of order, I will deal with it accordingly. If not, I will make the following response to the intervention of the Leader of the Government.

First, I want to tell him that all of us are obliged for his prompt, responsible, and quite correct response to the concerns expressed by Senator Stanbury and myself. I think that is exactly the way to proceed in such a case. In other words, the government can put on the record, as the Leader of the Government in the Senate has done, the position of the government on the constitutional question raised by Senator Stanbury. I also agree with him that there is no need to complicate the issue unnecessarily by referring the bill to committee before it receives second reading. In my view, Senator Murray has given the Committee on Legal and Constitutional affairs the right material to consider, and that also gives those of us who continue to be concerned the opportunity to examine that material and to call appropriate witnesses on the subject.

He states that the bill was not meant to undermine the principle of representation by population. We never meant to imply that it did. We certainly do not believe that was the intent. Rather, we are of the opinion that the constitutional dimension to the bill was an unintended result. We do not believe there was an intention to undermine the principle of representation by population, or, in some underhanded way, to amend the Constitution. That was not our allegation.

We now have the opportunity to examine the detailed comments made by Senator Murray about section 51(1). On the surface I find his arguments persuasive. For the same reasons I mentioned yesterday, I have some problems with the use of the words "merely delays". I think what is taking place here is "merely a delay", although we will see when we examine it more closely.

I am still concerned about legislation that "merely delays" a constitutional provision. For example, one would not want to think that by statute we could merely delay the constitutional provisions requiring elections within certain periods of time. It has been done in the past, as Senator Murray pointed out, but of course he is not suggesting that that is any reason for us not to notice now something that we may not have noticed before, namely, the constitutional dimension to such legislation.

Senator Grafstein has a concern that is not directly in this category, but one which will be quite easily looked after. I do not mean that it will be answered, but it will be dealt with by the committee. I refer to the possible disenfranchisement of some electors on a "rep-by-pop" basis. I leave it to him to make that intervention before the committee. If he had been here today, he would probably have wanted to make it at second reading. Therefore, I make it on his behalf simply to give the committee notice that he may be raising it there.

For those reasons, honourable senators, we have no objection to this bill's receiving second reading now. We have the

undertaking of the government leader that it will go to the Committee on Legal and Constitutional Affairs, where all the debate, including his official position on the question, can be considered and the evidence of other witnesses can also be considered, including, perhaps, some participation from one of our resident constitutional experts, Senator Beaudoin.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

On motion of Senator Murray, bill referred to the Standing Senate Committee on Legal and Constitutional Affairs.

SPECIAL ECONOMIC MEASURES BILL

SECOND READING—DEBATE CONCLUDED

On the Order:

> Resuming the debate on the motion of the Honourable Senator Kelleher, P.C., seconded by the Honourable Senator Ross, for the second reading of Bill C-53, to provide for the imposition of special economic measures.

Hon. Royce Frith (Leader of the Opposition): Honourable senators, I am sure, will remember the Iraqi invasion of Kuwait on August 2, 1990. They will also remember the world's response to that action.

Members of the United Nations Security Council voted unanimously to condemn the invasion and demanded the immediate withdrawal of Iraqi troops. The United States, Britain and France immediately impounded billions of dollars of Iraqi and Kuwaiti assets and banned trade with the offender.

Here in Canada we joined the UN and condemned the invasion. On August 4, 1990, two days after the invasion, the government decided to pursue various measures against Iraq to reinforce its condemnation of the invasion. Those measures included an embargo on imports of Iraqi and Kuwaiti oil, and the suspension of all trade and business promotion activity by the government on behalf of Canadian exports to Iraq.

That, however, was, at the time, as far as the government could go. Unlike the United States, Britain and France, the Canadian government had no power to forbid domestic companies from carrying on commercial activities with Iraq.

By August 7, however, the United Nations Security Council had voted unanimously to impose sweeping economic and weapons sanctions on Iraq. Canada responded to this initiative by prohibiting all Iraqi and Kuwaiti imports to Canada, all exports to both countries, and placed a freeze on any assets and securities of the Iraqi and Kuwaiti governments and their agencies. That action was taken under the authority of the United Nations Act, which allowed the government to take such measures following a resolution of the United Nations.

Mr. Joe Clark, who was then Secretary of State for External Affairs, expressed his support for economic sanctions in a news letter released on August 8, 1990, in which he stated:

> The seriousness of the situation required that we act immediately to ensure that Canada demonstrate its commitment to collective international action to bring an end to the Iraqi occupation of Kuwait . . . It is important that other countries also act expeditiously to enforce the United Nations sanctions.

In January, it was decided that sanctions were not having the desired effect. Iraqis did not heed the final ultimatum to withdraw from Kuwait by January 15, and by January 16 the world was at war with Iraq.

Bill C-53, to provide for the imposition of special economic measures, deals with the issue of economic sanctions. The bill would give the government more flexibility to impose economic sanctions either during or in anticipation of an international crisis.

The concept behind the economic sanctions is a relatively simple one. The idea is, if we cut off trade with an offending state or states, we can smoke them out of that house, so to speak; dissuade them from whatever action we find objectionable. That is, if that state no longer receives any imports and none of its exports are accepted outside their house, its supplies in economic resources will soon run out, forcing the state to leave the offending position. Of course, to be effective, sanctions must be enforced by more than one nation.

We on this side of the Chamber see the underlying principle of this legislation as being a worthy one. That the government should be able to impose economic sanctions in an attempt to influence another state's actions before resorting to war is imperative. This is a principle which I support, my party supports and, I believe, Canadians support.

Although economic sanctions can be a beneficial tool in avoiding a military conflict with a nation, the Canadian government is somewhat limited in its ability to use this tool. It does not have the authority to impose economic sanctions unless the United Nations Security Council passes a resolution imposing mandatory sanctions. The government can then, as it did in August of 1990, invoke the United Nations Act to apply the sanctions called for, but that takes time and prevents immediate action from being taken by the Canadian government. International crises which warrant sanctions quite often develop suddenly, and must be dealt with immediately. Bill C-53 would permit the government to impose sanctions immediately.

We must remember that the situation to which Canada wishes to respond may not actually involve a breach of international law. In these cases, the U.N. Security Council might signal its disapproval but it may not pass a resolution calling for mandatory sanctions. The Canadian government in that case would not be able to invoke the United Nations Act, and thus could not impose any sanctions. Bill C-53 deals with that type of situation by giving the government the authority to impose sanctions without invoking the United Nations Act.

Although we support the underlying principle of the bill and we will be supporting the bill at second reading, there are a number of questions we would like considered in committee.

First, the bill would permit the government to impose a variety of economic sanctions against a foreign state, if the Governor in Council believed that a serious international crisis had or could develop due to a grave breach of peace and security.

Generally speaking, we may all understand what a "grave breach" of international peace and security is. Question: Is a general understanding of the words adequate in a piece of legislation of this kind? The bill provides no definition for a grave breach of international peace and security. That is my first question.

Second, the bill also provides the government with authority to seize, freeze, or sequester any property located in Canada held by or on behalf of a foreign state or a person in that foreign state. Question: Does this mean that all nationals in Canada from the state against which sanctions are being imposed, including refugee claimants fleeing persecution in that country, could have their property confiscated? How will it affect Canadians residing in the foreign state? Will it affect any possessions they may have in Canada?

The third concern is one expressed by Prairie Pools Incorporated, the national policy arm of the Alberta Wheat Pool, Saskatchewan Wheat Pool, and Manitoba Pool Elevators. They point out that sanctions may be placed on the sale of food products. Question: Is it possible that food will be used as a political weapon, which would be contrary to what Barry Wilson described in the *Ottawa Citizen* dated August 17, 1990, as Canada's traditional view, namely that:

> . . . food is not an appropriate club to use when trying to beat hungry nations into line.

Bill C-53 does provide for certain exceptions. With the permission of the Governor in Council, a minister could deliver a permit to a person or to a Canadian outside Canada to exempt that person from pursuing an activity to which special economic measures apply. Question: Would this include organizations? Will it include non-profit Canadian groups doing missionary work in the foreign state? How might economic sanctions affect such groups? We should examine how the bill might affect such humanitarian organizations.

Undeniably, the imposition of economic sanctions can badly damage Canadian companies operating in foreign countries. Sanctions can result in lost exports, loss of market share and loss of jobs. Question: Where is there anything in the bill which requires the government to present a report to Parliament on the effect of the imposition of sanctions? We are not necessarily asking for an economic justification of the government's actions, but rather we are wondering whether the bill will require the government to tell Canadians how the sanctions will affect their everyday lives. Should the government be required to provide Parliament and Canadians with progress reports on the sanctions? This would indicate how well and how quickly sanctions were working.

[Senator Frith.]

The sixth question is about Parliament. Notice that economic sanctions could be imposed even when Parliament is not sitting. There is no provision which would require the government to recall Parliament to debate the sanctions. Parliament is now being asked to pass a bill to give the government this power. As we pass the bill, we should understand that, as I read the bill as it now stands, there is no provision that will require the government to recall Parliament to debate the sanctions that we may now be giving them the authority to impose.

By imposing economic sanctions, remember, we are not just gently tapping on the shoulder of an offending state and asking it to please stop the offending action. By imposing sanctions, we are telling the offending state in no uncertain terms that we strongly disapprove of its action and will do everything we can to get it to stop, short of using force or aggression, or at least as a first step thereto.

Is it appropriate that any government—for when we pass this legislation, we will be giving this power to any government—be able to take such action without any debate in Parliament? As parliamentarians, we all recognize that Parliament's authority is minimal, and is becoming more and more minimal to any government that has a majority in the House of Commons. Its present role is impotent enough without adding this, it seems to me, as another example of how governments ask Parliament for authority and then proceed on the basis of that authority without making any provision for having to consult Parliament again. Perhaps this is another example of the dwindling usefulness and authority of Parliament. As in most cases, legislation is of little use unless it is being enforced.

The bill authorizes peace officers to search any building, receptacle or place without a search warrant if there are reasonable grounds to believe that there has been an infringement of the act. Does the term "place" include a private dwelling? If the clause is interpreted to include private dwellings, we would have a situation where peace officers could enter anyone's home—yours, mine or anyone else's—at any time of day or night without a search warrant. Was the legislation intended to include private dwellings? We do not know. We should find out. The definition of "place" should be clarified.

Honourable senators can see that although we support this legislation, our support is not absolute. I have raised seven main questions. There may be others. We hope the committee charged with the study of Bill C-53 will investigate and provide answers to these questions which we believe are important.

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?

On motion of Senator Lynch-Staunton, for Senator Kelleher, bill referred to the Standing Senate Committee on Foreign Affairs.

BANKING, TRADE AND COMMERCE

COMMITTEE AUTHORIZED TO DELAY TABLING OF REPORT

Hon. John Lynch-Staunton (Deputy Leader of the Government), for Senator Poitras, pursuant to notice of May 13, 1992, moved:

> That notwithstanding the order of reference adopted by the Senate on December 17, 1991, the Senate Standing Committee on Banking, Trade and Commerce be authorized to table the final report on the special study on the Canadian Deposit Insurance Corporation, the Canadian Life and Health Insurance Compensation Corporation and the Property and Casualty Insurance Compensation Corporation, no later than October 29, 1992.

Motion agreed to.

BANKING, TRADE AND COMMERCE

THIRTEENTH REPORT OF COMMITTEE ADOPTED

The Senate proceeded to consideration of the Thirteenth Report of the Standing Senate Committee on Banking, Trade and Commerce (budget—special study), presented in the Senate on 13th May, 1992.

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, on behalf of Senator Poitras, the chairman of the committee, I move the adoption of this report.

Motion agreed to and report adopted.

SPECIAL JOINT COMMITTEE ON A RENEWED CANADA

CONSIDERATION OF REPORT—DEBATE CONTINUED

> Resuming the debate on the consideration of the report of the Special Joint Committee on a Renewed Canada, dated 28th February, 1992 (Sessional Paper 343-416A).

Hon. Roch Bolduc: Honourable senators, I would like to take advantage of the tabling of the Beaudoin-Dobbie report to share with you some of my thoughts on Senate reform. The report deals with many other very interesting aspects of constitutional reform, but I will confine myself to the Senate.

I have read somewhere that over a 25-year period more than 35 proposals have been made on various occasions for reforming the Senate. They were the brain children of federal and provincial governments, parliamentary committees in Ottawa, learned university professors, bar associations, journalists, royal commissions, political parties, and even senators.

With the passage of time certain core conclusions have emerged from all these rich and varied proposals. I would like to mention two. The first is that our federation should keep its second legislative house—retain it, that is, as a component of Parliament and not, as some have for perfectly valid reasons suggested, transform it into a kind of economic and social council whose members would be chosen by the government, presumably on the basis of their experience and their ability to advise the government wisely about public policy.

Senator MacEachen, among others, categorically rejected this option a few years ago in this very chamber when he said that the government did not need an upper house to reread its bills because it already had a perfectly competent civil service. Personally, I have reservations about entrusting government bills to government and civil servants solely, but let that pass.

So an initial consensus seems to be that we need a true legislative upper house. The second is that such a house should be elected and not appointed. This has been argued for a long time on a variety of grounds, regardless of how scrupulously appointments are made. The fact of being elected seems to be a requisite for legitimacy in a democratic system.

This is an important conclusion to have reached, because our system is derived from the British system. In opting for an elected upper house we are turning away from the Westminster model, a model that has stood the test of time and proved to be well adapted to the way we human beings play the political game, even in a very different geographical and cultural context.

What are the consequences of opting for an elected Senate? I would like to approach this question from two angles; first, the nature of our system of government and, second, the basic postulates of the federal nature of our political institutions.

Elected Senate and responsible government is my first theme. Our system of government, that is to say party government, makes a majority government a sort of monopoly enterprise conducted along party lines. Normally the leader of the party with the majority in the house forms the government. The opposition opposes, but it is more or less without effective power as long as the majority party's solidarity holds.

Our system thus implies a strong government, unlike, for instance, the congressional system adopted by our neighbours to the south or the system that has become traditional at our municipal level. I will note, however, that in Canada the upper house is more powerful under the Constitution than in Britain, thanks to a variety of historical economic and cultural circumstances.

Under the American system of congressional government there is no monopoly like the one our government enjoys here. Rather, there are two governments, the White House or president on the one side, and Congress on the other. Congress itself is split between the House of Representatives and the Senate. Constant jockeying is the rule, not along party lines in the lower house as is the case in Canada, but between two houses and between Congress and the White House.

Because power is more decentralized in the States than in Canada, the jockeying for advantage results in continual compromises on the substance—often inconsistent—of public policy. In Canada, on the other hand, an elected government implements its party's programs with a certain degree of co-operation from the non-elected Senate. Historically this is indeed what has happened. This does not necessarily guarantee consistency either, but that is another question.

● (1500)

What would be the effect in Canada of an elected upper house? We must look at this question, because it is the non-elected status of the Senate that at the present time virtually illegitimizes any concerted campaign we may wage against certain government bills.

At any rate, this seems to be the lesson in history. We learned from her, for example, that when the House of Lords tried to stand out against the elected House of Commons, it had to give way in the end, partly because it was not an elected body. In Canada, constitutional provisions unused since 1867 recently enabled the government to have the final say, after everything the current opposition Senate could do.

In the United States, senators have been elected for the past 80 years. Once they began to be elected, they gained a democratic legitimacy that has made them important spokesmen for their regions—perhaps at the expense of other elected representatives at the state level, for example, the governors. Many analysts assert that the Senate's elected status has gradually strengthened the central government. I will return to this point later.

Will an elected Senate in Canada lead to the same result? You will tell me that this depends on what powers it holds and I will say in return that, because of the fundamental nature of the party system of government, the powers of our Senate cannot be equal to those of the American Senate.

In this chamber we heard Senator Beaudoin discussing his committee report, Senator MacEachen criticizing an elected Senate's insufficient powers over legislation, and Senator Roblin explaining that controlling the executive in the way the Liberal opposition wanted in a system like ours amounted to control of the House of Commons. The exchange enabled us to grasp what is at stake in the debate if not to find the perfect solution to the dilemma—that is, a solution that would respect the system of a responsible government while encouraging the fresh clash of ideas about all bills except money bills to flourish, without limit.

Like the United States, we have in theory, if not in practice, a procedure for conciliation in cases where the two houses reach an impasse. But apart from that procedure, must the House of Commons have an override so that the will of the electorate and the government can prevail? When the American president and Congress reach an impasse, two procedures can be adopted: the president can veto a congressional bill but Congress can then get around the veto by a qualified majority vote. In practice the executive branch in the United States can block a great many measures it regards as unresolvable, but a qualified majority of members of the legislature of the Congress can sometimes get the last word.

[Senator Bolduc.]

Senator Frith: I am sorry, was the word you used "qualified majority"?

Senator Bolduc: Yes, qualified; I should have said perhaps 67 per cent.

Senator Frith: Yes. I understand what you mean, "qualified" in terms of that constitution.

Senator Bolduc: How can we design a system for Canada in which the Senate is elected, yet the majority view of the House of Commons prevails, not only for money bills but also for any bills?

It is clear that the system we have imported from Westminster is a strong government system, since the government—in other words, the cabinet—is a kind of parliamentary committee made up of the majority party's leading lights. To put it bluntly, the government has to be able to govern. In other words, the will of the majority in the House Commons must prevail or the result is instability.

This having been said, could there be another elected parliamentary body whose mission would be to legislate on government initiatives but without collusion or without the "lockstep" attitude that has been used to strengthen the central government?

As we know, the Constitution of 1867 gave Ottawa almost unlimited powers to tax and spend. Combined with an acquiescent Senate, the result has been government intervention to a much greater degree than in the United States, for example, or in Switzerland. For proof we need to look no further than the elevated percentage of GDP that passes through the hands of government. The difference is about 15 per cent of GDP, or 30 per cent of total government intervention; that is to say, about 30 per cent in the United States and 45 or 42 per cent in Canada. This is extraordinary.

Second, this interventionism has been characterized by federal launching of major programs: Infrastructures, health, vocational training, post-secondary education, research, income security, pensions, allowances, welfare, unemployment insurance, equalization, economic regulation. Inevitably, centralization has been the result. A third characteristic of this trend has been public programs taken over by the civil service—in other words, a certain bureaucratization of public services.

If we had the time, I could list all the multitude of areas in which Ottawa has intervened—the whole range of instruments it has used and the extraordinary socioeconomic and political administrative consequences of its involvement. Some people will argue that excellent reasons justify this growth and the influence of the federal government. Those reasons have successfully included the Great Depression, the Second World

War, major cultural transformation, democracy, and technological change. The real cause is the internal logic of collective action.

In a system based on a simple majority of participants, coalitions in favour of privileges are easier to organize than coalitions that oppose them on principle. Of course, it is easier to decide to grant such privileges than to deny them. This is just as true of elected representatives as it is of human beings, generally. That is the real reason for deficits. As Hayek noted, democracy by simple majority lends a gloss of legitimacy to government intervention aimed at redistribution.

To return to my question: Is it possible for the Senate to be something of a counterweight to the three forces that have historically marked the duration of our constitutional revolution—that is, the high degree of government interventionalism, centralization and the bureaucratization of public services?

In the past, senators were often appointed for party reasons so that the views of a majority of senators would be, as it were, bound to those of their party. National parties constitute a unifying force: They inevitably have a centralists view and a preference for locating all the power in one place when their turn comes to make the laws in Ottawa. How realistically can we think that elected senators, most likely elected with the help of a party, could be less loyal to their leaders? This is what drives the political process.

Moreover, central decision-making is by definition unique and applies to the entire territory. It is the equivalent of a monopoly in the marketplace. It inevitably favours uniformity and standardization. All Ottawa's efforts to help the provinces—for example, equalization payments, rules for established programs financing, standardizing regulations, and so on, tend to work against the logic of the competitive market and the mobility of resources that is the raison d'être of the economic union. The economic union is supposed to make the provincial governments compete with one another and thus protect the citizen against disadvantageous laws.

To what extent would an elected Senate be likely to see things differently and to behave in a way that defies the internal logic of centralist collective behavior described earlier as being the deeply rooted motivating force in parliamentary governments? If governments tend to give pressure groups privileges at the expense of the silent majority, how can the Senate counter this tendency and get the upper hand on these interest groups which gain strength with every victory? How can this current be diverted when it is conceded at the start that the Senate should represent regional views while the lower house, by its make-up, is supposed to favour centralism.

To say that the Senate must be made the body that represents the regions in debates on the issues of the day is to say that it will be speaking for special interest groups. In that case, by definition, the winning coalition in Ottawa will reflect the majority, which in the House of Commons is necessarily centralist. Lastly, if the Senate represented the regions, would the consequence be a diminished role for premiers at federal-provincial conferences?

Senator Frith: You bet.

Senator MacEachen: It sure would.

Senator Bolduc: Electing the Senate might resolve the question of its legitimacy in a democratic system, but it would not necessarily solve the problem I have raised here. It follows that the fundamental issue in constitutional reform, once it has been conceded that the will of the people—as embodied in the House of Commons and the theory that the government must prevail—is that of the distribution of powers within Canada. How is sovereignty to be shared? We have seen how the current dynamic driving the federal spending power has in practice brought about a constitutional change in the way jurisdiction is divided between Canada and the provinces even without any formal change in the law. So the rules of the game must be modified if we are to return to sound federalisim—at least what I would call sound federalisim, which is to say shared sovereignty. Shared sovereignty is the guarantee of a rediscovered political responsibility in Canada, where each level of government levies its own taxes to pay for its own spending.

This question can be resolved in three possible ways: the opting-out formula of the Meech Lake agreement; the opting-in formula in the Beaudoin-Dobbie Report, which when used in the 1960s proved costly for Quebecers; and the third option, a ban on the use of federal spending power in exclusively provincial areas of jurisdiction, combined of course with an equalization formula that ensures an approximately equal fiscal capacity in every province. My personal preference is for the third formula. Let me explain why.

Canadian federalisim, which in principle consists of shared sovereignty, has a number characteristics that differentiate it from federalisim in the United States, Switzerland and Germany. By giving the federal government almost unlimited powers to tax and spend, the Constitution of 1867 also gave it a wide range of instruments for intervention which it used enthusiastically in the nineteenth century and especially in the second half of the twentieth century.

The in-depth review carried out by the Beaudoin-Dobbie Committee did not convince its members that the system should be radically altered, except perhaps by placing conditions on Ottawa's spending power in exclusively provincial areas of jurisdiction through agreements with the province or provinces concerned. In other words, an opting-in formula in place of Meech Lake's opting-out formula.

Senator MacEachen, who spoke after Senator Beaudoin, set out for us his vision of the way things are, which included opting in. He listed a series of principles showing the differences between the old, actual, system and the one envisaged. It seems to me that underlying his vision was a certain fear that the central government would crumble if it did not do what it has done for the last 40 years.

Senator Roblin, who was less explicit on the issue, also fears that multiplying or transferring powers to provinces would weaken Ottawa. In my opinion the federal system is close to collapse precisely because Ottawa taxes and the provinces spend. We have to take into account the momentum generated when establishing the rules of the constitutional game.

One of the characteristics of our constitutional evolution is that for 40 years we have been setting aside the 1867 distribution of powers, which was designed to circumscribe the power of legislatures, in order to expand the powers to tax and spend. We have changed the Constitution via the spending power. That is the reason for today's conflicts, in my opinion.

The last question that arises is that of the Senate's possible role as counterweight to the forces I have described. From that perspective too, I believe, the Senate should have a constitutional control over the executive branch, for there are other meanings for the expression "controlling the executive" besides an absolute veto over legislation.

If the Senate's legislative control of the executive as a policy-making body must necessarily be limited, since everything else would frustrate the will of the people as embodied in the House of Commons, there are in my opinion other roles and functions that would be very suitable for the Senate. I am thinking of control of the executive in its role of policy-making by regulation and programming and in its role of the management of public affairs, in particular the organization of the administrative structure, with its departments, commissions, corporations, boards and other agencies, and management of the public finances and of the federal public service itself. Because some members of the Senate participate very actively in the Joint Committee for the Scrutiny of Regulations, the Senate can already be said to play a significant part in ensuring that the executive—that is to say, the cabinet, individual ministers and senior officials —does not exceed the regulatory authority delegated to it by the enabling legislation. This type of oversight is a very appropriate role for the Senate because of both its composition and its mandate, and it should be spelled out in the Constitution reform that is coming to birth in Canada today.

Still in the realm of policy-making and going beyond review of how the government exercises its regulatory powers, the Senate has produced many studies that have had a definite impact on the orientation of public policy in Canada. The late Senator Lamontagne, who was my economics professor at Laval, pointed out in one of his reports the extent of the Senate's contribution to the formulation of public policy in Canada. I can easily imagine this house continuing along the same lines. For example, we could, through our public finance committee or some other body, produce annual reports evaluating government programs involving various aspects of public affairs.

[Senator Bolduc.]

The Senate should also have a statutory and even a constitutional mandate for the monitoring of the interests of minorities. The Beaudoin-Dobbie Report incorporates this vision in its discussion of linguistic and cultural issues by proposing a double majority, but oversight could go further: It could include, for example, ratifying the appointments of the heads of certain administrative agencies such as federal cultural organizations or certain administrative commissions.

● (1520)

In the same way, the Senate should exercise a form of special supervision of certain other federal agencies whose mission is to protect the public at large, and individual members of it, from the dangers of bureaucracy. I am thinking here of the activities of bodies like the Human Rights Commission, the Public Service Commission, the Privacy Commission and so forth.

The Senate can also exert considerable—and by no means negligible—influence through the quality of its opinions, rather as the upper echelons of the public service do, but as an alternative to them. Opinions on what? On monetary and fiscal policy, on equalization payment rules, on regional development as it affects particular regions or provinces, on treaties dealing with international trade or affecting areas of provincial jurisdiction, on the exercise of the federal spending power, and many, many more. This having been said, however, and important though it is, we must nonetheless be careful to avoid illusions about the actual power of an elected Senate, especially when it comes to reversing the dominant trends in Canadian federalism. That goal will have to be achieved through the other aspects of constitutional reform to which I have referred.

Hon. Senators: Hear, hear!

On motion of Senator Riel, debate adjourned.

NATIONAL PUBLIC SERVICE WEEK BILL

SECOND READING—DEBATE ADJOURNED

Hon. Royce Frith (Leader of the Opposition) moved second reading of Bill C-328, respecting National Public Service Week: Serving Canadians Better.

He said: Honourable senators, every day, virtually every Canadian receives from one of our levels of government a benefit. These benefits range from the dramatic rescue of life by a firefighter to the more mundane, but nevertheless important, provision of a clean and safe supply of drinking water. These services which we provide one another help transform a group of individuals into a community. Though Canadians take great pleasure in complaining about government, they nevertheless turn to it and expect it to assist them in one way or another during virtually every day of their lives.

When a bank collapses, it is to the government that depositors look to for reimbursement. When a factory closes, it is to the government the unemployed workers look for assistance.

Shoppers in our supermarkets take for granted that the produce they buy is safe. When we send our children to school, we expect their teachers will be qualified and interested. Whether we are caught in a natural disaster or enjoying a summer vacation, our safety and well-being is, to a large extent, determined by the level of service which is provided by our governments and the competence with which that service is delivered. We like to think that only some others use government services, and then we proceed to complain about its inefficiency or high cost.

Bill C-328 is designed to recognize the role of those who provide these services—those who implement our collective decisions. Governments take decisions on behalf of the citizens, but without public servants, they would be operating in a vacuum.

As I mentioned, it is fashionable to complain about government and bureaucracy. I believe it would be a good thing if some of these prevailing attitudes were, yes, undermined and we could have some regular reminder of how every citizen depends on government services as delivered by our public servants.

Bill C-328 is short. There are but two sections to the bill. The first reads:

> This Act may be cited as the *National Public Service Week: Serving Canadians Better Act.* The second section provides:
>
> Throughout Canada, in each and every year, the third week of the month of June shall be known as the "Public Service National Week".
>
> For the purposes of this section, "third week" means the period ending the third Saturday of the month and beginning the previous Sunday.

That is the entire bill.

It is not a political statement—capital "P" or to some extent a small "p", depending on how you understand that statement—but rather a simple recognition by politicians—us—that their endeavours would be pointless were it not for the bureaucracy which carries out their will. It also is a recognition by all Canadians, as expressed through their representatives, of the day-to-day vital role the public service plays in their lives. This perspective is echoed in the preamble of Bill C-328 which reads:

> WHEREAS the people of Canada recognize the value of services rendered by the federal public service employees;
>
> AND WHEREAS the Government of Canada wishes to acknowledge the contribution of the federal public service employees to the federal administration;
>
> NOW, THEREFORE, Her Majesty, by and with the advice and consent of the Senate and the House of Commons of Canada, enacts as follows:

So we are expressing the view of Parliament, of course, as we do with all legislation, and empowering the government to put into effect this referred-to week.

Though the bill speaks of federal public service employees, of which there are 529,000, it is also meant to recognize the 506,000 provincial employees and 343,000 municipal employees in Canada. For those who may take these numbers as evidence of a bloated bureaucracy, I refer them to a recent report by the Economic Council of Canada entitled *Canada's Public Sector, A Graphic Overview*. At page 38, we find table 42 entitled "Wages and employment in general government as a percentage of national totals", dated 1989. It compares the size of our public service in a graph form to our other OECD partners. I wonder if it would be a good idea—if it would not be too difficult—to put that one page on the record, if I could have your leave. It is a graphic illustration of the point made in the report; namely, that of the seven OECD countries, Canada ranks third in terms of wages paid to government employees. However, and I will read directly from the report:

> Canadian government employment, on the other hand, as a percentage of total national employment, ranks sixth among the leading industrial (G-7) countries.

In Canada, as the graph shows, approximately 14 per cent of the labour force works for government. Only in Japan is the number lower. In the United States, approximately 15 per cent of the population is employed by government. In Germany, the figure is 16 per cent. In the United Kingdom, 20 per cent of the workforce is employed by government, and in France the figure is 26 per cent against 14 per cent for Canada. Again, even in the United States, the proportion of government employees in the work force is greater than in Canada.

● (1530)

Honourable senators, Marlene Catterall should be commended for introducing this legislation in the other place.

I have a document that may interest senators, entitled "National Weeks Semaines Nationale." It lists all the weeks of observance throughout the year. You will find such things as National Transportation Week, National Safe Boating Week, National Farm Safety Week, National School Safety Week, and National Safe Driving Week, among others. Until the introduction of this bill, no recognition had been given to those hundreds of thousands of Canadians who work for the public service, the public servants of Canada.

Although Bill C-328 will not bring any tangible benefits to public servants, perhaps it will help change attitudes, which in itself would be a healthy development for our country.

I ask honourable senators to support this bill at second reading. If it does receive such support, I will recommend that it be referred to the Stamding Senate Committee on National Finance, which deals with public service questions.

On motion of Senator DeWare, debate adjourned.

PRIVATE BILL

NORTHWEST CANADA CONFERENCE EVANGELICAL CHURCH—BILL TO AMEND ACT OF INCORPORATION—THIRD READING

Hon. Gildas L. Molgat (Deputy Leader of the Opposition), for the Honourable H.A. Olson, moved the third reading of Bill S-9, to amend the Act of incorporation of the Northwest Canada Conference Evangelical Church.

Motion agreed to and bill read third time and passed.

The Senate adjourned until Tuesday, May 19, 1992, at 8 p.m.

APPENDIX "A"

(*See p. 1503*)

CANADA DEPOSIT INSURANCE CORPORATION ACT

BILL TO AMEND—FOURTEENTH REPORT OF BANKING, TRADE AND COMMERCE COMMITTEE

THURSDAY, May 14, 1992

The Standing Senate Committee on Banking, Trade and Commerce has the honour to present its

FOURTEENTH REPORT

Your Committee, to which was referred the study of the subject-matter of Bill C-48, an Act to amend the Canada Deposit Insurance Corporation Act and to amend other Acts in consequence thereof has, in obedience to the Order of reference of Monday, March 30th, 1992, examined the said bill and now reports the same with the following proposed amendments and recommendations.

On Tuesday May 12, 1992, the Senate Standing Committee on Banking, Trade and Commerce completed its mandated pre-study of Bill C-48, An Act to amend the Canada Deposit Insurance Corporation Act. This Bill is currently awaiting third reading in the House of Commons.

The Bill provides the government with another option for dealing with troubled federally-chartered financial institutions that are members of the Canada Deposit Insurance Corporation.

The Committee is aware that a number of amendments will improve the Bill before it leaves the House. For example, one change will allow for agreements to be established between the federal government and a province to allow provincial regulatory authorities to work with CDIC to use a Financial institution restructuring process (FIRP) with respect to institutions regulated under that particular provincial jurisdiction; another deals with the Canadian Payments Association; others, with the stay proceedings.

The Banking Committee, after hearing a number of witnesses - officials from the Department of Finance and from CDIC, representatives from the industry and selected experts - who were aware of the amendments made at Committee stage in the House, sees the need for a number of technical amendments to improve the bill and, further has a number of serious concerns with specific issues related to Bill C-48 and the Canada Deposit Insurance Corporation.

The Committee is in agreement with the witnesses who have made it clear that the bill should be passed relatively quickly. The technical amendments suggested will improve the bill. The more serious concerns will be dealt with in a larger study of CDIC and similar entities to be undertaken later this year by this Committee.

The Committee strongly suggest that the technical amendments be considered by the Government before third reading in the House.

CONCERNS OF THE COMMITTEE

Parliament has recently enacted legislation that introduces a major change in the rules governing financial institutions in Canada. The CDIC Act was designed to deal with institutions that operated in the old environment. Does the CDIC have the structure and powers to operate effectively in the new environment?

1. The Committee is concerned that the CDIC has a somewhat antiquated statute and procedures that are behind the times.

The CDIC is an insuring agency. It has a fund based on premiums collected from its members. What is insured are certain deposits of customers up to a specified limit, $60 000. The use of this fund for purposes other than compensation of specified depositors is not appropriate. Money needed to accomplish other goals, such as saving a financial institution in trouble, should come from the consolidated revenue fund.

2. If there were to be outside involvement on the CDIC board, there should first be crisper rules on allocation of expenses. Right now, these are so blurry that there could be a real problem with more outside involvement.

3. Bill C-48 has the potential for exacerbating a problem that is already serious under the CDIC Act, the appropriate allocation of costs between the consolidated revenue fund and the deposit insurance fund. The appropriate allocation needs to be specified in legislation to ensure both the adequate protection of public funds and the fair treatment of firms which contribute to the deposit insurance fund.

When the CDIC uses the FIRP process and allows an institution to go on operating, the CDIC is for all practical purposes committing itself to arrange for the full payment of all creditors (excluding subordinated debt because it is seized and is under the assessment process). In effect the CDIC waives the $60 000 limit when it allows an institution to continue operating after the FIRP process has been employed. If the CDIC did not make such a commitment, uninsured depositors would quickly withdraw their money, exacerbating an already serious liquidity problem.

4. The Committee wishes to draw this observation to the attention of regulators and recommends that all such costs as noted above be considered as part of the real costs of a FIRP and therefore be taken into account when the decision to undertake a FIRP is being considered.

If C-48 is left unchanged only federally-chartered institutions can be restructured (unless a province asks to be covered by the FIRP process). This means that in the case of provincially chartered institutions that are members of the CDIC and that are having serious problems, the CDIC must wait until they fail before it can act.

5. The committee is sensitive to issues of federal-provincial harmonization and jurisdictional overlap. It is on record as calling for real progress on harmonisation. Overlapping, inconsistent and at times contradictory regulations benefit no one. In the case of Bill C-48 the committee is concerned that two classes of federally insured institutions are being created - federally chartered members of CDIC who are subject to the FIRP process and provincially chartered members who are not.

The committee strongly urges the federal government to reach an accomodation with provincial jurisdictions to prevent the creation of yet another regulatory anomaly - one that involves not only questions of fairness but in addition possibly unintended signals to depositors and lenders about relative risks among deposit-taking institutions.

SUGGESTED AMENDMENTS

The witnesses overwhelmingly indicated that the CDIC should be given the widest possible range of options. In particular, in many cases it makes more sense to seize the business rather than the shares and the subordinated debt.

1. It is the recommendation of the committee that as part of the FIRP process the CDIC be given the power to directly seize part or all of the assets of a troubled financial institution.

It was pointed out that the Act does not set out exactly what criteria must be used in recommending a FIRP. Concern was then raised that a FIRP approach could be adopted even if it were not the least cost route.

2. It is the recommendation of the committee that the criteria for choosing the FIRP option be carefully spelled out.

Clearly, once the FIRP option has been adopted liquidity support to the troubled institution is critical if that institution is to keep operating. Concern was expressed that there is no clear statement of who is to provide the ongoing funding.

3. It is the recommendation of the Committee that the authority responsible for maintaining liquidity support during the FIRP process should be spelled out.

With respect to line 9 of page 10 of the bill (section 39.19(c)) in the part that said "CDIC could sell all or substantially all of the assets to an institution that assumes all or substantially all of the liabilities" the first "substantially all" was changed to "part". The second "all or substantially all" was left unchanged. The practical result is that the CDIC would still have to sell all the assets.

4. It is the recommendation of the committee that this anomaly be straightened out.

Another technical issue has to do with whether "substantially all of its liabilities" excludes subordinated debt. If that subordinated debt has been assumed by the purchaser as part of substantially all of the liabilities of the institution under this section, then maybe that debt would have some sort of claim against the purchaser.

5. The committee recommends that this issue be clarified.

Consider the case in which the CDIC wishes to sell the package of assets and then simply transfer the subordinated debt back to the investors. On page 6 (39.13(2)(d)) the original investor is given the ability to transfer the entitlement to what emerges from the process (i.e., to sell it). However, on page 12 (39.23(1)), even if the original investor sold his entitlement of what comes back from the assessor in terms of those shares or debt to a third party, when the assessment process is complete, the original investor gets the proceeds, not the third party. The third party then has to rely on the original investor to transfer those proceeds to the third party and, at that point, the process gets messy. Further because the CDIC has indicated that it is not prepared to maintain the transfer register, or a record of who is the shareholder and who is not, the only way that shares could be sold would be in bipartite deals, not through a stock exchange.

This should be cleared up to enable:

i) those who wish to establish a tax loss to be able to do so (under our legislation you cannot claim a tax loss without having actually disposed of your shares);

ii) those institutional holders who might not want to show this investment in their year-end balance sheet to get rid of their shares in the FIRPed institution before the year-end passes.

There are many other reasons, such as the occurrence of estates, why an investor in a FIRPed institution , shares or subordinated debt, might want to dispose of that investment.

6. The committee recommends that the transfer issue be cleared up.

JEAN-MARIE POITRAS
Chairman

APPENDIX "B"

(*See p. 1503*)

ENERGY, THE ENVIRONMENT AND NATURAL RESOURCES

FIRST REPORT OF COMMITTEE

THURSDAY, May 14, 1992

The Standing Senate Committee on Energy, the Environment and Natural Resources has the honour to present its

FIRST REPORT

Your Committee, which was authorized by the Senate on Friday, February 28, 1992, to undertake a study of the policy options available to the government to achieve the objective of containing emissions associated with energy production and use in Canada with a view to improving the environment and to make recommendations thereon. Among these options are regulation; the use of economic instruments such as emission charges and taxes, subsidies and tradeable emissions permits; measures to enhance energy efficiency and conservation; and the promotion of energy, respectfully requests that it be empowered to engage the services of such counsel and technical, clerical and other personnel as may be necessary for the purpose of such study and to adjourn from place to place within and outside Canada for the purpose of such examination.

Pursuant to Section 2:07 of the *Procedural Guidelines for the Financial Operation of Senate Committees*, the budget submitted to the Standing Committee on Internal Economy, Budgets and Administration and the report thereon of that Committee are appended to this report.

Respectfully submitted,

DANIEL HAYS
Chairman

THURSDAY, May 14, 1992

The Standing Committee on Internal Economy, Budgets and Administration has examined and approved the budget presented to it by the Chairman of the Standing Senate Committee on Energy, the Environment and Natural Resources, for the proposed expenditures of the said Committee with respect to its special study on the emission of gas, as authorized by the Senate on Friday, February 28, 1992. The said budget is as follows:

Professional and Other Services	$ 77,750.00
Transportation and Communications	500.00
All Other Expenditures	2,000.00
Total	$ 80,250.00

Respectfully submitted,

Thérèse Lavoie-Roux
Chairperson

STANDING SENATE COMMITTEE ON ENERGY, THE ENVIRONMENT AND NATURAL RESOURCES EMISSION OF GAS STUDY APPLICATION FOR BUDGET AUTHORIZATION FOR THE PERIOD FROM APRIL 1ST TO DECEMBER 31, 1992

Order of Reference

Extract from the *Minutes of the Proceedings of the Senate* of February 28, 1992:

The Honourable Senator Hays moved, seconded by the Honourable Senator Olson:

That the Standing Senate Committee on Energy, the Environment and Natural Resources be authorized to undertake a study of the policy options available to the government to achieve the objective of containing emissions associated with energy production and use in Canada with a view to improving the environment and to make recommendations thereon. Among these options are regulation; the use of econoic instruments such as emission charges and taxes, subsidies and tradeable emissions permits; measures to enhance energy efficiency and conservation; and the promotion of energy alternatives.

That the Committee present its final report no later than 30 November 1992.

The question being put on the motion, it was resolved in the affirmative.

Gordon L. Barnhart
Clerk of the Senate

SUMMARY OF EXPENDITURES

Professional and Other Services	$ 77,750
Transportation and Communications	$ 500
All Other Expenditures	$ 2,000
TOTAL	**$ 80,250**

The foregoing budget was approved by the Standing Committee on Energy, the Environment and Natural Resources on May 8, 1992

The undersigned or an alternate will be in attendance on the date that this Budget is being considered.

Date _____ Chairman, Standing Senate Committee on Energy, the Environment and Natural Resources

Date _____ Chairman, Standing Committee on Internal Economy, Budgets and Administration

STANDING SENATE COMMITTEE ON ENERGY, THE ENVIRONMENT AND NATURAL RESOURCES

The Senate administration has reviewed this budget application.

Director of Committees and Private Legislation	Date
Director of Finance	Date

EXPLANATION OF COST ELEMENTS

Professional and Other Services (0401)

1. Research Services 15 days/month @ $600/day	$ 9,000.00 x 6 months	$54,000.00	
2. Legal and Special Expertise 5 days/month @ $600/day	$ 3,000.00 x 6 months	$18,000.00	
3. Editing Proofreading and Editing of Report 50hrs @ $75/hour		$ 3,750.00	
4. Meals (0415) Working lunches and dinners (10 lunches and dinners @ $200 each)		$ 2,000.00	$ 77,750.00

Transportation and Communications		
1. Telecommunications (0225)	$ 250.00	
2. Postage, Freight and Courier Services (0213)	$ 250.00	$ 500.00
All Other Expenditures		
Utilities, Materials and Supplies		
1. Purchase of stationary, books and periodicals	$ 1,500.00	
2. Contingencies (0799)	$ 500.00	$ 2,000.00
TOTAL		**$ 80,250.00**

THE SENATE

Tuesday, May 19, 1992

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

Prayers.

SENATORS' STATEMENTS

GENERAL ELECTION

NUMBER OF DAYS LEFT IN CURRENT TERM

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, in the absence of the Leader of the Opposition, I know it will be of great satisfaction to senators on the government side to realize that the clock is still ticking. I am positive they would not want that tradition to go by unnoticed.

If the government of which Senator Murray is a member respects democracy, Canadians will cast their ballot within 186 days; however, in the words of Senator Murray, if the present government is cowardly and contemptuous of democracy, the day of reckoning remains 572 days away.

MEMBERS OF THE SENATE AND HOUSE OF COMMONS

CONFLICT OF INTERESTS LEGISLATION

EFFECT ON POPULARITY POLLS

Hon. Philippe Deane Gigantès: Honourable senators, some days ago I promised Senator Lynch-Staunton, who was objecting to my mentioning Greece quite so often, that I liked to come up with tidbits from Greek history, because, as I told him, those who do not read history are condemned to repeat it.

What brings the following anecdote to mind is the government's bill on conflict of interests. I should like to tell Senator Lynch-Staunton about a great Greek statesman of the fifth century BC, known as Aristides "the Just".

Aristides was so honest that, when he died, the people of Athens, to their dismay and shame, found that his daughters had only rags to wear at his funeral. The people decided thereupon to make amends, give them dowries, and marry them off, because their father had been so honest that he had not gathered any money —something which, of course, a Tory cannot possibly appreciate.

At any rate, there was an ostracism vote in Athens on one occasion, and the citizens were asked to vote on whom they wanted to drive out of town, forbidding him to come closer than 50 kilometres to Athens. An illiterate peasant approached Aristides, whom he had not recognized, and said, "I cannot write. Could you help me fill my ballot?" Aristides said, "Of course, my good man. What name would you like me to put down?" The peasant said, "Aristides." Aristides wrote his name on the ballot and gave it back to the peasant. He then said, "Why do you want to exile Aristides?" The peasant said, "I am sick and tired of everybody telling me how honest he is."

If the government members hope this legislation of theirs is going to make them more popular, I ask them to think again.

[*Translation*]

Hon. Jean-Maurice Simard: Honourable senators, I would like to remind you of Albert Brie's famous words which apply particularily well to senator Gigantès in light of the statement he just made.

> The politician speaks until he finds something worth saying that he does not say, however, because his time is up.

Hon. Philippe Deane Gigantès: Could you repeat all that because I could not hear you.

Senator Simard: You can read it in tomorrow's Hansard.

[*Translation*]

Hon. Jean-Maurice Simard: Honourable senators, I would like to remind you of Albert Brie's famous words which apply particularily well to senator Gigantès in light of the statement he just made.

> The politician speaks until he finds something worth saying that he does not say, however, because his time is up.

Hon. Philippe Deane Gigantès: Could you repeat all that because I could not hear you.

Senator Simard: You can read it in tomorrow's Hansard.

[*English*]

SOCIAL AFFAIRS, SCIENCE AND TECHNOLOGY

FIFTH REPORT OF COMMITTEE PRESENTED

Hon. Lorna Marsden: Honourable senators, I have the honour to present the fifth report of the Standing Senate Committee on Social Affairs, Science and Technology concerning the committee's budget application for the study on citizenship.

TUESDAY, May 19, 1992

> The Standing Senate Committee on Social Affairs, Science and Technology has the honour to present its

FIFTH REPORT

Your Committee, which was authorized by the Senate on December 11, 1991, to examine and report upon the concept, development and promotion of Canadian citizenship, respectfully requests that it be empowered to engage the services of such counsel and technical, clerical and other personnel as may be necessary for the purpose of such study.

Pursuant to Section 2:07 of the *Procedural Guidelines for the Financial Operation of Senate Committees*, the budget submitted to the Standing Committee on Internal Economy, Budgets and Administration and the report thereon of that Committee are appended to this report.

Respectfully submitted,

LORNA MARSDEN
Deputy Chair

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

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

CORRECTIONS AND CONDITIONAL RELEASE BILL

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-36, respecting corrections and the conditional release and detention of offenders and to establish the office of Correctional Investigator.

Bill read first time.

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

On motion of Senator Lynch-Staunton, bill placed on the Orders of the Day for second reading on Thursday next, May 21, 1992.

GREEN SHIELD CANADA PREPAID SERVICES ASSOCIATION

PRESENTATION OF PETITION

Hon. Richard J. Doyle: Honourable senators, I have the honour to present a petition from Green Shield Prepaid Services Incorporated of the city of Windsor in the Province of Ontario, praying for the passage of an act to incorporate the Green Shield Canada Prepaid Services Association.

[Senator Marsden.]

FOREIGN AFFAIRS

NOTICES OF MOTIONS TO AUTHORIZE COMMITTEE TO MEET DURING SITTINGS OF THE SENATE

Hon. John B. Stewart: Honourable senators, I give notice that at the next sitting of the Senate, I shall move:

> That the Standing Senate Committee on Foreign Affairs have power to sit at 4:30 o'clock in the afternoon on Tuesdays June 2, 9, 16, 1992, even though the Senate may then be sitting, and that rule 96(4) be suspended in relation thereto.

I have a second notice of motion—

Hon. C. William Doody: Does Senator Molgat have anything to say about the first notice?

Senator Molgat: I have great reservations about it.

Senator Stewart: Honourable senators, I give notice that at the next sitting of the Senate, I shall move:

> That the Standing Senate Committee on Foreign Affairs have power to sit a 3:30 o'clock in the afternoon on Thursday, May 21, 1992, even though the Senate may then be sitting, and that rule 96(4) be suspended in relation thereto.

If honourable senators wish, I could give at this time an explanation for this second notice of motion.

Senator Doody: Yes, please.

Senator Stewart: Honourable senators, what the committee would have before it at that meeting is Bill C-53, a government bill which deals with special economic measures, sometimes referred to as economic sanctions.

I am told by the minister's office that there is some urgency with respect to that bill. It has been suggested that we should try to have a meeting on the bill later this week. Therefore, I will be asking the permission of the Senate to allow the committee to meet on Thursday afternoon.

LEGAL AND CONSTITUTIONAL AFFAIRS

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

Hon. Nathan Nurgitz: Honourable senators, with leave of the Senate and notwithstanding rule 59(1)(*a*), I move, seconded by the Honourable Senator Robertson:

> That the Standing Senate Committee on Legal and Constitutional Affairs have power to sit at 3:30 o'clock in the afternoon tomorrow, Wednesday, May 20, 1992, even though the Senate may then be sitting, and that rule 96(4) be suspended in relation thereto.

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

Hon. Senators: Agreed.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Leave is granted, honourable senators, but may we have an explanation?

Senator Nurgitz: Honourable senators, today the Standing Senate Committee on Legal and Constitutional Affairs commenced its consideration of Bill S-8 and heard departmental officials. The only opportunity we have to hear the Minister of State for Transport is tomorrow when the minister will be available at 3:30 p.m. It is the hope of the committee that permission will be granted for the committee to sit at that time in order to hear from the minister.

As Senator Stewart has done, I also wish to give notice of a motion dealing with similar sittings in the future to deal with two bills which will require the hearing of a large number of witnesses.

Senator Molgat: Honourable senators, I have made my comments in this regard several times in the past. I will not repeat them. I wonder, however whether we might not consider a new process whereby the committees would meet, and the Senate would ask leave of the committees as to whether or not it could have permission to sit.

Hon. Senators: Hear, hear! **The Hon. the Speaker:** Is it your pleasure, honourable senators, to adopt the motion? **Hon. Senators:** Agreed.

Motion agreed to.

LEGAL AND CONSTITUTIONAL AFFAIRS

NOTICE OF MOTION TO AUTHORIZE COMMITTEE TO MEET DURING SITTINGS OF THE SENATE

Hon. Nathan Nurgitz: Honourable senators, I give notice that tomorrow, Wednesday, May 20, 1992, I will move:

> That the Standing Senate Committee on Legal and Constitutional Affairs have power to sit at 3:30 o'clock in the afternoon on Wednesdays, even though the Senate may then be sitting, during the Committee's consideration of Bill S-8, An Act to regulate the manufacture and importation of motor vehicles and motor vehicle equipment to reduce the risk of death, injury and damage to property and the environment; and Bill C-36, An Act respecting corrections and the conditional release and detention of offenders and to establish the office of Correctional Investigator, and that rule 96(4) be suspended in relation thereto.

ENERGY, THE ENVIRONMENT AND NATURAL RESOURCES

NOTICE OF MOTION TO AUTHORIZE COMMITTEE TO MEET DURING SITTING OF THE SENATE

Hon. Dan Hays: Honourable senators, I give notice that at the next sitting of the Senate I shall move:

> That the Standing Senate Committee on Energy, the Environment and Natural Resources have power to sit at 3:30 o'clock in the afternoon on Thursday, May 21, 1992, even though the Senate may then be sitting, and that rule 96(4) be suspended in relation thereto.

[*Translation*]

GOODS AND SERVICES TAX

PRESENTATION OF PETITIONS

Hon. Jacques Hébert: Honourable senators, I have the honour to present petitions signed by 477 citizens of New Brunswick (the province Senator Simard hails from!) who oppose the goods and services tax.

These petitions come mainly from St. Johns, St. Martins, Hampton, Welsford and Seal Cove. These 477 people cannot believe our government is so reactionary as to apply the GST on books and periodicals, making it harder for publishers, booksellers and cultural periodicals to survive, preventing Canadian authors from being published and saving the pleasure of reading for those who can afford it. Many among those people do not know how to read!

QUESTION PERIOD

[*English*]

GENERAL ELECTION

EFFECT ON CANADA-US RELATIONS

Hon. Jack Austin: Honourable senators, I want to ask the Deputy Leader of the Government whether tomorrow he could confirm a story that appeared in the *Ottawa Citizen* on May 16th, which says:

> The United States will lose out if Prime Minister Brian Mulroney is defeated in the next election, the prime minister told a U.S. magazine.

The magazine referred to is *U.S. News and World Report.* Apparently the Prime Minister has had an interview with that magazine. Is this summation of the Prime Minister's interview correct? It seems to suggest that the Prime Minister is seeking foreign assistance in winning the next election.

Senator Kenny: Good luck!

Senator Austin: The story goes on:

> "While I'm very confident of victory . . . it would be (unfortunate for the United States) to be confronted with a Canadian government whose first act would be to revoke the free-trade agreement because of unfairness by the United States . . . . ."

Honourable senators, I would ask the Leader of the Government to bring the facts to the house.

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, I would be happy to bring the whole article to the Leader of the Government's attention tomorrow morning.

GALLUP POLL TRENDS—REQUEST FOR RECALCULATION

Hon. H.A. Olson: By way of supplementary, I wonder if the Deputy Leader of the Government could ask Senator Murray if he has recalculated the assertion he made the other day that the trend in the Gallup poll would lead the government to some 48 per cent by Christmas time. Has he done a recalculation, bearing in mind that the party dropped five points on the last Gallup poll?

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, I think the calculation still holds. It all depends on which poll you follow.

Senator Olson: It depends as well on which way the trend looks.

DELAYED ANSWERS TO ORAL QUESTIONS

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, I have responses to questions raised in the Senate on March 30 by Senator Molgat regarding the cancellation of the Science Council of Canada, the status of a study on sustainable agriculture, and the winding down of government councils; on May 5 by Senator Kenny regarding the demolition of the Daly Building; on May 6 by Senator Grafstein regarding the reduction of IBM's Canadian workforce, and by Senator Molgat regarding the Port of Churchill.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Perhaps the Deputy Leader of the Government could tell me whether the answer to my question on the Science Council is a lengthy one. Could he read it out?

Senator Lynch-Staunton: That answer is in a number of parts. It is two pages long. I found it interesting, but I do not know if it would be interesting for everyone if I read it all. However, it is your right to ask.

Senator Molgat: Would it appear in the written record?

Senator Lynch-Staunton: Yes, it will appear in the *Debates of the Senate* of today's date.

Senator Molgat: Very well.

THE BUDGET

CANCELLATION OF SCIENCE COUNCIL OF CANADA—STATUS OF STUDY ON SUSTAINABLE AGRICULTURE—WINDING DOWN OF GOVERNMENT COUNCILS ANNOUNCED IN THE FEDERAL BUDGET

(*Response to question raised by Hon. Gildas L. Molgat on March 30, 1992*)

The Science Council's study of sustainable agriculture is currently at the publication stage and will be released at the July 6th, 1992 meeting of the Agricultural Institute of Canada, in Brandon, Manitoba.

Editing, translation and production of the 15 sector reports is continuing at a fast pace in order to accommodate the phase out schedule for elimination of the Science Council. According to the most recent forecasts, reports are to be released on or after the following dates:

[Senator Lynch-Staunton.]

Telecommunications, petrochemicals, auto parts, auto vehicles, food, forestry—May 11;

Nonferrous metals, machinery, consulting engineering, oil and gas, iron and steel—June 1;

Electronics, electric power, banking, computer software—June 12.

A general winding down schedule for the five remaining Crown Agencies is as follows:

The Canada Employment and Immigration Advisory Council (CEIAC)

The research and consultation material produced by the Advisory Council will be turned over to the appropriate groups in Employment and Immigration Canada. On Budget day, CEIAC had three projects at the report preparation stage: Employment Equity, Racism in Employment, and Environment and Employment. Should the Minister of Employment and Immigration decide that any or all of the projects be completed, the work will be done by the Department.

The Canadian Institute for International Peace and Security

A transition team has been created and will be meeting in the forthcoming weeks to identify which programs will be continued.

The Economic Council of Canada

Immediately upon the Budget's release, the Council was instructed to prepare a wind down plan. The parameters of the plan are that research projects close to completion are to be completed. Those works in their infancy will be cancelled. Projects not close to completion, but have received substantial public investment, are to be reassigned to another organization for work to continue.

A number of research organizations do exist across the country which would be capable of taking on both the research and the coordinating role which was being performed by the Economic Council. There also exist a number of academic and private sector research organizations which maintain large-scale computer models of the economy similar to that which was maintained by the Council. As such, there would not be large start-up costs involved in continuing any of the projects of the Council. As well, any such study which is deemed necessary by an individual department will need to be funded by that department. The savings from winding up the Council will therefore be assured.

Five major projects are to be transferred to new homes. They are:

- government's impact on competitiveness;
- Canada's economic relations with the Pacific Rim
- firm strategy and adaptation;

- the cost effectiveness of Canada's health care system;

- human resource strategies at the firm level.

The International Centre for Ocean Development (ICOD)

The Government's commitment to the development of the Marine sector remains strong. ICOD's program will be integrated with that of CIDA's in order to maintain a strong presence in international ocean development. CIDA will continue to draw on the wealth of marine skills and expertise available in the maritimes and other regions of Canada. CIDA is also working very closely with ICOD management to identify satisfactory options for affected employees.

The Law Reform Commission (LRC)

The Department of Justice will act closely with others in the field of justice to ensure good consultation and follow-up to the reports of the LRC. 1992-93 will be a transition year, to ensure that major projects such as in the areas of criminal procedure and minorities under the Criminal Code are brought to conclusion so that they can be integrated into the government's work.

NATIONAL CAPITAL COMMISSION

DEMOLITION OF DALY BUILDING—USE OF SITE FOR PARK—GOVERNMENT POLICY

(*Response to question raised by Hon. Colin Kenny on May 5, 1992*)

The National Capital Commission has approached the issue of use of the site of the former Daly Building from both a short and longer term perspective. In the short term, the site will be graded to an even slope. The steepest portions of the site will be enclosed with safety fencing and as much as possible of the flat areas of the site adjacent to Rideau Street will be landscaped with unit pavers, asphalt pathways, planters, benches, an information kiosk and a plaza containing the flags of all the provinces and territories.

In the longer term, the Commission is preparing a thorough study of the influences and demands on the site and the role it can play in the Capital as well as the site's environmental capacity to support the uses which the site might contain. The result of these studies will be the formation of options for the site, which will also be made available to the public for information and comment. The intent of the Commission is to create a final use for the site which will respect its unique location and its attributes, and highlight its potential national symbolic value as a public space in the heart of Canada's Capital.

THE ECONOMY

INTERNATIONAL BUSINESS MACHINES—REDUCTION OF IBM'S CANADIAN WORK FORCE

(*Response to question raised by Hon. Jerahmiel S. Grafstein on May 6, 1992*)

International Business Machines (IBM) integrated its Canadian and U.S. sales, marketing and service organizations under a single organization called IBM North America. This move was made in recognition of the enormous synergy that the information technologies industry has in both countries and with a view to improving market opportunities in both Canada and the U.S. This move does not imply restructuring, was not designed as a cost-cutting measure and will not materially affect employment in Canada. The change in reporting is consistent with organizational changes of IBM's major customers and other global players who are organizing on the basis of trading blocks.

While this change will inevitably result in a more effective organization, sales, marketing and service functions will continue to be performed by IBM Canada. Indeed, IBM Canada will continue to operate as an IBM country organization within the new North American unit and will maintain its own board of directors and headquarters. Canadian manufacturing and R&D jobs are not affected and will ultimately benefit from improved market opportunities.

Having participated in IBM's worldwide workforce reduction last year, IBM Canada's lean and dedicated workforce remains internationally competitive. IBM Canada has steadily increased its exports over the years and remains poised to take advantage of predicted global growth opportunities with potential employment gains and other economic spinoffs for all sectors of our economy. It should be noted that IBM Canada was able to downsize through early retirement incentives in which employees participated voluntarily.

TRANSPORT

PORT OF CHURCHILL, MANITOBA—GOVERNMENT POLICY

(*Response to question raised by Hon. Gildas L. Molgat on May 6, 1992*)

The mandate of the Canadian Wheat Board (CWB) is to maximize returns to producers from the sale of wheat and barley produced in the designated region of Western Canada for export and domestic human consumption. It is, therefore, the Board's policy to ship grain through the port area which results in the highest returns to producers.

Ultimately, in today' highly competitive grain market, customer demand drives the amount of grain the CWB sells through the various port areas, including Churchill, each crop year. The CWB successfully negotiated the sale

of approximately 234,000 tonnes of grain through the Port of Churchill for the 1991-92 crop year. The Board has shipped grain through the Port in each of the last 60 years, except during World War II. At present, it is not Board policy to provide tonnage guarantees to any port.

The government remains confident that the CWB will continue to pursue every market opportunity for the Port of Churchill as it strives to fulfil its mandate of maximizing return to producers.

• (2020)

COASTING TRADE BILL

SECOND READING—DEBATE CONTINUED

On the Order:

Resuming the debate on the motion of the Honourable Senator Rossiter, seconded by the Honourable Senator DeWare, for the second reading of Bill C-33, An Act respecting the use of foreign ships and non-duty paid ships in the coasting trade.

Hon. J. Michael Forrestall: Honourable senators, I want to indicate as briefly as I can the nature of the objections I currently have with respect to this bill. They are several in number but somewhat general in nature.

First, I have now had the opportunity of comparing the bill that died on the Order Paper in this chamber at the time of the last election to Bill C-33, which has just gone through the process in the House of Commons and is currently before us. There are a number of substantial changes. I had been led to believe, perhaps by my own misunderstanding, perhaps by acts of others, that the bill was substantially the same. The bill is not substantially the same and I am somewhat disturbed.

An Act, which was the determination of the Canadian people, of our law givers, since the inception of our country, being a decision to reserve for the Canadian flag the waters of Canada for the transport of Canadian goods and products, has now been set aside. It may appear on the surface that this bill broadens and strengthens the intent and purpose of furthering that form of protection.

If honourable senators read Bill C-33 closely, they will find that the exclusivity that had been there virtually forever, and certainly since 1965, has now gone. What we see is the thin end of the wedge with respect to coastinwg on the Atlantic side of our nation.

What we call the Anticosti line is now gone. Those who follow marine matters will be aware of the significance of "west of the Anticosti line", just as some will be aware of what "Diamond Head" means with respect to certain marine activities.

Secondly, the bill fails to set out with any clarity or detail the criteria which must be followed, and have always been followed, in the issuance of licences or waivers to ships of non-Canadian registration for the purpose of transporting goods and passengers between one Canadian port and another.

[Senator Molgat.]

My third concern, which I will deal with later in committee a little more fully, is that Bill C-33 tends to treat the territorial sea of Canada differently. In other words, it approaches it legally in a manner different from all other legislation we have with respect to air and land, and therefore it is not the same. Somehow or other we have set maritime or marine matters apart, and, for whatever reason, they are now treated differently from air.

• (2030)

The cabotage that we sought in the air we found not to be possible. We now find all of a sudden that it is not only possible but, indeed, commends itself to us as something that we should reach out for and embrace.

In abandoning the principles of Canadian law with respect to air and surface transportation and with respect to marine matters, we are permitting a regime to come into being that will allow people to operate in Canada outside of the strict applications of laws such as labour law, immigration law and tax law. I am sure there are others also.

My third concern is that in Bill C-33 we have said, in effect, that it does not matter whether you are a Canadian citizen or a landed immigrant, there is a circumstance in which you can act as a Canadian. You can draw wages in Canada and you can enjoy the benefits and protection of Canadian law with respect to safety, health, and a lot of other things.

My fourth concern is perhaps the one that bothers me more than anything else, that will be the subject of an amendment I will serve notice on and now indicate that I will move in the committee, namely, to bring back into Bill C-33 that sense of responsibility that we feel for the various elements of our transportation industry in Canada—that is, the surface transportation industry, the air transport industry and the marine side—because they are Canadian industries.

I am not being as brief as I thought I would be, but I want to tell you that a handful of years ago we had 8,000 or 9,000 Canadian merchant seamen who were members of a number of unions and numerous craft guilds. We had another 6,000 or 7,000 who were again members of organized labour unions and craft guilds, and who operated ferries. In other words, we had a large Canadian merchant guild community composed of merchant seamen. It was large, vibrant, and very much alive.

Today, there are not 3,500 Canadians working on Canadian registered vessels. I doubt if there are 70 ships on the Great Lakes working this summer. That is a far cry from just a handful of years ago.

On the other hand, we still have upward of seven million tonnes of significant, Canadian-owned shipping registered in Bermuda, the Cayman Islands, Cyprus, or some other place. For what purpose? To avoid Canadian taxes; to avoid paying

Canadian wages; to avoid Canadian laws. Yet they are available to their Canadian owners at the other end of the telephone to resolve a problem. I want to correct that situation. I want something in this bill that will recognize the fact that in the same way as we have a viable surface transport industry in this country and a viable air industry, so do we have a viable and a very real and meaningful marine industry.

Honourable senators, I have a fear that the thin edge of the wedge that we see in Bill C-33, that was not there in Bill C-52, will mean that we will no longer have any capacity to protect the last vestiges of the Canadian merchant marine.

With those few words, honourable senators, I should like simply to indicate that I would like the chairman of our committee to call the interested Canadian witnesses—that is, the unions, the users of ships, the Ramsay Wheelers and their counterparts, so that we can have a look at this situation and make sure that they understand what is involved in this bill.

My son said to me, "Dad, what should I do with my life?" I said, "Son, I was a seaman and I enjoyed it. They were good years. Why not go to sea for the summer?" So he did, and then he went back to school. The merchant navy paid for my son's education. Today he holds a Master's ticket at the ripe old age of thirty-one. He believes it to be a good career. He is a highly technical person, a well-educated person, a young man who wants now to come home and study law. I think he wants that because he wants to become rich, and he will never become rich being a seaman. He is proud of his service, as I am sure the remainder of the people who sail are proud of their chosen role in life.

However, honourable senators, I want this bill to reflect the concerns of the Canadian legislators that, as near as we are able to do it, these men will have an opportunity to continue in that profession.

I thank you for this opportunity to speak on this matter.

On motion of Senator Molgat, debate adjourned.

CANADA DEPOSIT INSURANCE CORPORATION ACT

BILL TO AMEND—REPORT OF COMMITTEE—DEBATE ADJOURNED

The Senate proceeded to consideration of the Fourteenth Report of the Standing Senate Committee on Banking, Trade and Commerce (Subject-matter of Bill C-48, An Act to amend the Canada Deposit Insurance Corporation Act and to amend other Acts in consequence thereof), presented in the Senate on 14th May, 1992.

Hon. Michael Kirby: Honourable senators, I rise to make a few remarks on the fourteenth report of the Standing Senate Committee on Banking, Trade and Commerce. This report was on pre-study of Bill C-48, to amend the Canada Deposit Insurance Corporation Act. Some of you may recall that six weeks ago, when the issue arose as to whether or not we on this side of the chamber would agree to a pre-study of this bill, I objected to pre-study, although not as a matter of principle. I have been on record in this chamber in the past as supporting pre-study of certain bills. I objected because the bill was in committee in the other place—and I think it would be fair to say "mired" in committee there—and the government had already indicated at that time that it was prepared to introduce significant amendments to the bill. Therefore, it seemed to me rather foolish for the Banking, Trade and Commerce Committee to pre-study the bill when its basic content was not known. Indeed, the government indicated the bill was so seriously flawed that significant amendments would be introduced while it was still in committee in the other place.

In any event, this chamber voted for pre-study. We proceeded with pre-study and, sure enough, part way through our committee hearings significant amendments were introduced in the other place. Those amendments significantly altered the original version of the bill which came to our committee.

In commenting on the fourteenth report tonight, I want to comment on the bill; not merely the bill that was sent to us, not merely the bill that originally went to committee, but the bill as it was amended in the other place, since those amendments significantly changed the character of the bill.

The other observation I want to make before commenting specifically on the report is that the bill continues to sit in the other place. It has not yet received third reading. In fact, it has not yet been reported by committee in the other place, in part because the committee was waiting to see what the Senate committee would do as a result of its pre-study.

By way of background, honourable senators, many of you will recall that after the CCB and Northlands Bank collapsed in 1986 the government appointed then Justice Estey of the Supreme Court of Canada to conduct an inquiry into the causes of the collapse. He reported in 1989. His report contained a substantial number of recommendations as to what changes should be made in legislation and public policy with respect to the role of CDIC and the Bank of Canada. His recommendations were designed to give government more and better policy tools for dealing with financial institutions which are in trouble in the future.

Until the collapse of CCB and Northlands, and indeed until the passage of Bill C-48, the range of policy tools available to the government for dealing with financial institutions which are in trouble was severely limited. The fundamental purpose of Bill C-48 is to give the Minister of Finance, the CDIC and the Superintendent of Financial Institutions additional powers and a broader range of policy options for dealing with financially troubled institutions.

Specifically, at its core level, the bill gives CDIC the authority to take over a troubled financial institution when the owners of that institution do not voluntarily take the action which CDIC and the Superintendent of Financial Institutions believe is required in order to restructure, refinance and keep the financial institution solvent. That is the fundamental purpose of the bill.

The process proposed in the bill essentially allows CDIC to seize the shares of the financially troubled institution and to operate it temporarily. The changes that were introduced by way of amendment in the other place, and a number of the amendments in the fourteenth committee report which is before you tonight—specifically amendments 1, 4, 5 and 6—can be regarded as technical amendments, in that they clear up a lot of the very bad drafting mistakes, and in some cases bad policy mistakes, in the original draft of the bill.

Let me give you a couple of illustrations. The original version of the bill required the CDIC to take over all the shares of an institution deemed to be in serious financial trouble. Anyone familiar with bankruptcy or quasi-bankruptcy situations will understand that there are a number of cases in which seizing assets is much more important than merely seizing shares.

A second issue with regard to seizing assets is whether you can seize part of the assets or all of the assets, none of which was contemplated in the original version of the bill. The amendments proposed in the committee report, and which I understand are likely to be adopted by the government, propose that this broader range of policy options be given to CDIC. The CDIC will now be able to seize assets as well as shares, but will be able to seize only a portion of those assets.

Many of the other recommendations are of a technical nature. Specifically, amendments 4, 5 and 6 are strictly technical and it is my understanding that they will be accepted by the government and moved either here or in the other place prior to third reading.

Perhaps the most important thing to come out of our hearings dealt less with the technical aspects of the bill and much more with some of the underlying policy problems which government faces in dealing with financial institutions. I should perhaps touch on some of those because it is the committee's intention, as we have stated in the past, and as we have restated in this report, to hold hearings, starting very soon and continuing in the fall, on a number of these broader policy issues.

One of them deals specifically with the role of the Canada Deposit Insurance Corporation. The CDIC's statute is antiquated. It has not been updated since the late 1960s or early 1970s. Yet clearly its role in governing and helping to regulate financial institutions has grown. Historically, the role of CDIC was to provide deposit insurance to people who had money in deposit taking institutions. In this bill the CDIC has been given a significantly bigger role. It has been given a role that would allow it to take over and operate a financially troubled institution. This goes way beyond anything contemplated in the original CDIC Act and, in the view of members of the Banking, Trade and Commerce Committee from both sides of this chamber, this plus a number of other issues related to deposit insurance means that there are significant policy questions that ought to be addressed in the context of reforming the CDIC Act.

[Senator Kirby.]

The second observation which the committee makes, and which it will be looking at as part of this broader review of CDIC, deals with the dilemma which will arise if, in fact, CDIC ever ends up having to take over a financially troubled institution.

The problem is as follows: The minute the institution is under the control and, in effect, ownership of CDIC, you have a situation where we believe it will be necessary for the new owners, CDIC, to assure depositors that all of their deposits will be protected even if their deposits are greater than $60,000. We feel it will have to do that. Otherwise, if it says we will only insure you up to $60,000 now that we own it, that will create a run on the institution which will substantially complicate an already troubled financial company and likely exacerbate the situation.

In short, one of the difficulties with a takeover of a company by a government-owned institution is that you wind up having to give an added degree of protection that goes way beyond the degree of protection that would exist if you allowed the company to go under and then simply implemented the $60,000 limit on deposit insurance.

One of the negative side effects of a government takeover of a financial institution is that, in the view of the committee, it significantly increases the obligations on government and on CDIC beyond that which would occur if the institution was first allowed to go under and then government stepped in and applied insurance in the traditional way.

That policy issue raises, as a consequence, the following difficult issue: The issue is, if government steps in to save a financially troubled institution, who should pay the cost of that saving? Should the cost be paid merely by CDIC, as is proposed in this bill, or should the cost of saving a financially troubled institution be paid out of the Consolidated Revenue Fund? Honourable senators, the reason that is an important policy question is as follows:

CDIC is, in fact, an insurance fund. It is a fund to which each of the deposit-taking institutions in Canada contributes. There is no question that those funds should be used if what is being paid is insurance up to the $60,000 limit.

However, if those funds are used for circumstances which go way beyond $60,000—as I suggested will inevitably be the case if CDIC has to take over a company, or if they are used for other purposes related to restructuring the financial institution—then actually the depositors in other financial institutions are indirectly subsidizing and taking care of the bail-out of a financially troubled institution, rather than that bail-out cost being absorbed by all Canadians.

The committee feels that, from a policy standpoint, this is a very difficult and awkward situation in which to leave the people at CDIC and the people at deposit-taking institutions. They are essentially being left in a position where other members of an industry—in this case, the deposit-taking financial services industry—are being told that it is their financial responsibility

to provide bail-out funds to firms which get into trouble within the same industry. As we all know, there is absolutely no other case in Canadian history where that would happen.

If a fishing company gets into trouble and assistance is given, that assistance does not come from other fishing companies. It comes from the Consolidated Revenue Fund. The same is true in any other industry any time there is a problem.

In this particular case, the net effect of the policy structure is to say to companies which are viable that they will have to make additional contributions to CDIC in order to bail out the financially troubled companies. From a policy standpoint, the members of the committee have great difficulty with that as a matter of principle because it does seem somewhat unjust to say to the healthy, viable, ongoing companies in an industry, "You have the responsibility for bailing out and taking care of those that are in trouble".

That is one of the very serious issues which we will look at when we review the CDIC legislation. It really goes to the core of the issue, which is: What is the proper allocation of the cost of saving a deposit-taking institution? What is the proper allocation of the cost between CDIC, on the one hand, and the Consolidated Revenue Fund on the other? The bill is silent on that issue. The bill carefully skirts the issue by simply saying that CDIC will pay the cost, but it does not really get at the issue of whether or not there will be any reimbursement of CDIC from the Consolidated Revenue Fund.

All the witnesses who appeared before the committee, including Judge Estey, said this was a glaring weakness in the bill. In Judge Estey's report in 1989, his position was that a bailout of a financial institution beyond the limits required by deposit insurance itself should, in fact, be paid out of the Consolidated Revenue Fund, as would be the case with respect to any other company in trouble in any other industry.

Not surprisingly, that is also the view of all the deposit-taking institutions who appeared before us because they, too, believe that the cost of a bail-out ought to be shared by all Canadians, not merely themselves or themselves and their depositors.

That was also the view of leading legal experts in this area, both academic and those who worked for Toronto law firms, who also believe that the principle is wrong. That is really the major policy problem with the bill.

The second big policy problem is one that has plagued the financial services sector for a long time and is one on which I, among others, have spoken at some length in this chamber in the past: That is, the difficulty of having a national deposit insurance program in which some institutions are federally chartered and subject to federal regulations, while others are provincially chartered and subject to provincial regulations.

In this particular case, this bill now *de facto* sets up two different types of members of CDIC in this sense: Federally chartered institutions will, in fact, be subject to this amendment to the CDIC Act. Federally chartered institutions will be able to be seized, taken over, by CDIC. However, provincially chartered institutions, even though their deposits are insured by CDIC, will not be liable to be taken over by the CDIC unless the province in which they have their charter specifically agrees to that action.

I repeat that this is an observation made from both sides of the committee, from both Liberal senators and Conservative senators. It seems to us that it is wrong to be creating an institution in which you have this dichotomy, this duopoly. Our view was that the government should give very serious consideration to establishing a policy whereby if an institution is to be insured under CDIC, then that institution must be subject to all the rules of CDIC and not merely some of them.

Honourable senators, it is interesting that the Trust Association of Canada, which is the trade association most concerned by matters affecting provincially chartered institutions, came before the committee and urged us to do exactly that. They believe, and their provincially chartered members believe, that they ought to be subject to all of the rules governing CDIC and ought to be subject to all the benefits of CDIC.

The problem therefore, honourable senators, lies not with the owners or the management of provincially chartered institutions. It lies with provincial governments. There are technical reasons why an individual provincially chartered institution cannot opt into this institution. They have to be opted in, as it were, by their provincial government.

It seemed to us that that whole issue of the role of CDIC vis-a-vis provincially chartered institutions is an important subject that will be covered in our review of CDIC, beginning in June and continuing in the fall.

The Hon. the Speaker *pro tempore:* Honourable senator, your time was up a while ago.

Senator Kirby: I am sorry. I was only going to be another two minutes, senators.

The Hon. the Speaker *pro tempore:* Unless there is unanimous consent, the honourable senator must adjourn his debate. Is it agreed that he may finish?

Hon. Senators: Agreed.

Senator Kirby: Honourable senators, some of you may be asking, "Why is it that the committee in its fourteenth report recommended the Senate approve this bill given the fact that it clearly has a number of significant policy problems associated with it?" The reason we made that unanimous recommendation is, frankly, a practical problem. The significant policy issues I have just raised are policy issues that would take a considerable amount of time to work out and resolve. In the meantime, the failure to pass this bill leaves the CDIC and the Superintendent of Financial Institutions—essentially the federal government —in a position where the government is missing one of the tools that it really ought to have in these troubled economic times to deal with financially troubled institutions before they get to the point where the only option is in fact to have them go under.

All of the witnesses before us—Judge Estey, the various financial institutions and the legal experts—all argued that while it is quite true the bill is not perfect, and that it has a number of the policy problems I touched on, nevertheless it should pass. While they all urged the Standing Senate Committee on Banking, Trade and Commerce to continue with the proposed hearings into CDIC in the hope by the end of this year the basic CDIC bill would be completely modernized, every single witness who appeared before us urged the passage of this bill so that, even in an imperfect form, the weapons and the additional tools the bill gives the government to deal with the problems of deposit-taking institutions in trouble would be available.

Honourable senators, in urging the passage of Bill C-48, I point out that I do so with the caveat that the bigger policy problems will need to be dealt with relatively soon. I re-emphasize that it is the intention of the committee to do that between now and the end of the year.

Hon. Consiglio Di Nino: Will the honourable senator take a question?

Senator Kirby: Absolutely.

Senator Di Nino: You brought up some very interesting points, in particular as they relate to future changes to the CDIC. I have a concern. I wonder if you could address it now or possibly during your deliberations. You talked about the cost of the CDIC. I am sure you were speaking of more than just operational costs. Certainly, I understood that you were referring to the total cost of a bail-out, if that were to be the case.

There is one point I would like to make before I ask my question. I think it is generally accepted and recognized that, were a major financial institution in this country to get itself into trouble, there would be little chance or little thought of that major financial institution's being allowed to fail. Therefore, taxpayers' dollars will be used to bail out the major financial institutions. My concern is that the major financial institutions may be leaning on the legislators to change the role of CDIC as it relates to premiums, and in particular the co-insurance idea that has been floated around from time to time. I am sure my honourable friend understands what that would do to the smaller financial institutions of this country.

I apologize for the lengthy introduction, but my question to you is: Do you see that as a possible issue to be dealt with in a future revision of the CDIC?

Senator Kirby: Thank you for your question. In fact you asked two questions; let me deal with them separately.

The first comment that Senator Di Nino made really relates to what has been called risk-related premiums for CDIC. I perhaps ought to point out to honourable senators that the current process with respect to the CDIC is that a financial institution, regardless of size, pays a fixed percentage of deposits essentially as a premium on its insurance deposit. Senator Di Nino is quite correct that the large banks, in particular the Canadian Bankers Association, have argued for a long time that, because the risk of their going under is significantly less than the risk of some other institutions going under—specifically, smaller provincially chartered, deposit-taking institutions, there should be risk-related premiums, as there are, for example, in automobile insurance. If you are a member of a class which has a greater probability of having a default, then you ought to pay a larger percentage premium than the large banks would pay, because they are effectively risk-free. That argument has been made. It was made before the Standing Senate Committee on Banking, Trade and Commerce when we had hearings on some changes to CDIC back in 1986. It was made at the time of the CCB Northlands collapse also, by the way. That will certainly be one of the issues that will clearly have to be looked at down the road.

That issue is not unrelated to the second issue you raised, which is why you put them in one question. That is the issue of so-called co-insurance. Let me explain the concept of co-insurance. At the present moment, everybody is insured up to $60,000 worth of deposits. Under co-insurance, it would be sort of like a deductible. To make the numbers work out, you might be insured at two-thirds of your deposits up to $90,000, which would still mean you would have a maximum $60,000 cap, but nevertheless you would not get all your money back.

That issue has been proposed a number of times and I think will again be looked at by the committee. When it was looked at by the committee in 1986, the unanimous view of the committee at the time, and we said so in a report, was that, while we understood its theoretical and conceptual nicety, we also understand the political impossibility of saying to Canadians that their insurance would now be only $40,000, not $60,000, because of the net effect of the two-thirds rule. We decided that would be a very difficult proposition for Canadians to accept. While the practicality and the conceptual nicety of it was understood, we felt it would be difficult to do.

I might add just by way of one last comment, honourable senators, that while I have been talking tonight about deposit-taking institution insurance and the CDIC, the fact of the matter is there is another very significant problem that has arisen already in Quebec with respect to Les Coopérants, which is an insurance company that went under. The insurance industry does not have a government-regulated version of CDIC. They have essentially a self insurance system called CompCorp, which had never had to deal with a failure until this situation in Quebec. I think it is not unfair to say it has been making up the rules of the game with respect to how policy holders in a defunct insurance company had to be taken care of as they went along, because they had never been in this situation before and they were having to fight their way through it. That in turn has led to a number of ways of dealing with the particular illustration in Quebec that has caused the committee members some difficulty, not by any means because it happens to be the province of Quebec, but simply

because a number of us are unhappy with the way in which that situation has been handled.

It is an unfunded fund. It is done after the fact by an assessment on insurance companies. It is done on the basis of how much business you do, in this particular case in Quebec, or in Ontario if it is an Ontario company. It has a lot of things that take you a long way away from a funded, upfront, national fund.

Therefore as part of our review of the whole issue of insurance given to people who either make deposits in deposit-taking institutions or who buy insurance from Canadian insurance companies, we will not only be looking at CDIC but we will also be looking at the way in which those insurance companies have set up their funds, whether it ought be a legislated fund, whether it ought to be allowed to continue in the way in which it is now in what is essentially a self-regulatory system, et cetera.

Senator Di Nino is right. There is a series of important issues that have never come to the fore of the public policy agenda because, up until the early 1980s, we never had any significant financial institutions get in trouble. We have now had the experience with the Canadian Commercial Bank and the Northlands Bank and with some provincially chartered trust companies in Ontario. We have the experience now with a provincially chartered insurance company in Quebec.

As many of you know from reading the financial pages, there are rumors that there may well be a number of other insurance companies in financial difficulty. It is difficult to tell how serious the situation is, but it does seem to members of the Banking, Trade and Commerce committee that this whole area is clearly in need of rethinking and new policy direction for the 1990s. We will be doing that before the end of the year.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Will the honourable senator permit a question? I assume that the report of the committee is a unanimous report.

Senator Kirby: It is.

Senator Molgat: The report is specific in a number of its statements. It says, for example, that it "sees the need for a number of technical amendments." Further, it "has a number of serious concerns with specific issues." Then the committee strongly suggests that the technical amendments be considered by the government before third reading in the House. Then it lists five concerns and six specific amendments.

Can the honourable senator indicate to us whether the minister has given indications that he is prepared to consider these amendments and introduce them in the other place before the bill reaches us?

Senator Kirby: Honourable senators, I am glad the deputy leader has asked that question. The reason we broke up the report in the way we did was because the serious concerns, which really encompass the area to which I devoted most of my remarks, are policy questions that we will be dealing with in a subsequent forum. It is my understanding—although I do not have confirmation—that in fact the technical amendments almost in their entirety will likely be introduced prior to the bill arriving in the Senate. That is one of the reasons why the bill is sitting in the other place and has not received third reading, awaiting receipt of this report. Government members may know differently, but that is my understanding of the current situation.

On motion of Senator Lynch-Staunton, debate adjourned.

[*Translation*]

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

TWENTY-THIRD REPORT OF COMMITTEE ADOPTED

The Senate proceeded to consideration of the twenty-third report of the Standing Committee on Internal Economy, Budgets and Administration (Supplementary Budget—Energy, Environment and Natural Resources), presented on May 14, 1992.

Hon. Thérèse Lavoie-Roux: Honourable senators, I move that the twenty-third report of the Standing Committee on Internal Economy, Budgets and Administration be now adopted.

Motion agreed to and report adopted.

[*English*]

ENERGY, THE ENVIRONMENT AND NATURAL RESOURCES

FIRST REPORT ADOPTED

Leave having been given to revert to Reports of Committees, Item No. 3:

The Senate proceeded to consideration of the First Report of the Standing Senate Committee on Energy, the Environment and Natural Resources (budget—Emission of Gas Study), presented in the Senate on May 14, 1992.

Hon. Dan Hays: Honourable senators, I move the adoption of this report.

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

Senator Hays: Honourable senators, I think perhaps a few words of explanation may be in order in that I have notice of the possibility of a few questions. This is a report that provides for the necessary budget to carry out a special study on which the committee has received a reference from the Senate. I notice it has acquired the short title of "Emission of Gas" study. I can assure honourable senators that a more elegant title for this report will evolve as the committee works on it.

A fairer description of what the committee proposes to do is in the motion that has resulted from the debate that took us through the reference stage in the Senate. I would emphasize that the study will cover a fairly broad spectrum of interests that come to the fore on environmental issues today, in particular economic instruments that we should consider using to

maintain emission levels, whether it be a toxic substance like SO2, which in certain amounts causes acid rain, or nitrous oxide or carbon dioxide—the latter being the special interest of the upcoming UN conference in Rio de Janeiro on global environmental issues.

I would be happy, honourable senators, if there are any questions, to deal with them now.

Hon. Efstathios William Barootes: Honourable senators, we have made our representations to the learned senator separately and privately, and he is aware of them.

Motion agreed to and report adopted.

NATIONAL PUBLIC SERVICE WEEK BILL

SECOND READING—DEBATE CONCLUDED

On the Order:

> Resuming the debate on the motion of the Honourable Senator Frith, seconded by the Honourable Senator MacEachen, P.C., for the second reading of Bill C-328, An Act respecting National Public Service Week: Serving Canadians Better.—(*Honourable Senator DeWare*)

Hon. Mable M. DeWare: Honourable senators, I wish to say a few words about Bill C-328, advocating a national week for public service. I am sure that every honourable senator agrees with the spirit of this bill. We should certainly recognize and appreciate the commitment and dedication that is shown by all members of the Public Service of Canada. Personal recognition is an important component of job satisfaction that promotes top performance and the incentive to go beyond the bare requirements necessary to earn one's paycheck. In order to take risks, to look for creative solutions, to deliver top-notch services benefiting the company, the working environment, the climate and the country, the employee must be internally motivated, and that internal motivation comes from being satisfied with one's job, and from knowing that one's work is important, respected and valued.

Bill C-328 asks only that one week be set aside each year to recognize the value of the work performed by employees to the public, to the government and to Parliament. While this bill is framed in the context of the federal public service, it is not limited to recognizing only the work of the federal public sector. Last week, in speaking to this bill, Senator Frith noted that we have 529,000 federal employees, 506,000 provincial employees, 343,000 municipal employees and countless others who work for local boards and agencies delivering health, education and many other services.

A national week to recognize public service employees would be an opportunity for those who work for the public to inform that public of the services that they provide. A week to focus attention on the value of public services and the people who provide them would build pride among those who work for the public and remind them as well that service to the public is the purpose of their job.

[Senator Hays.]

● (2120)

As the largest employer in the country, I believe the federal government must take a leading role in building an atmosphere of cooperation and partnership with its employees in pursuing national goals, in the same way as it is asking private sector companies to develop partnerships with their employees in increasing productivity and efficiency.

Public servants are often thought of as only serving elected governments. While it is true that much of the business of the public service is to help develop and implement government policies, public servants, as their name implies, are men and women who serve Canadian citizens every day. For example, there is the air traffic controller who guides our plane to a safe landing, the scientist who is developing a preventive vaccine, the immigration officer who welcomes new Canadians to our land, the person at the Canada Employment Centre who helps workers find jobs during tough economic times, the health inspector who ensures that our food is safe to eat, and the letter carrier who brings us our mail.

When Canadians look at the public service, they see themselves. They see husbands and wives raising the next generation of Canadians. They see citizens actively participating in community organizations. They see women and men putting in long hours as federal public servants and then heading for their neighbourhood community centres or to some other such volunteer organization to coach youngsters in hockey, to help a talented figure skater, or to help a skier dreaming of making it to the Olympics.

Our public service is a truly distinctive Canadian entity. Over the years it has evolved to reflect the diversity of our multicultural and multiracial society. Looking at the organization from an international perspective, the public service has kept pace with Canada's emergence as an important member in the world community. I believe that most Canadians recognize that an effective public service is fundamental to our national health and individual well-being.

This highly professional organization performs a wider variety of functions than any another organization in the country. Those of us who work in Ottawa need to remind ourselves that two-thirds of federal public servants work and live in communities outside the National Capital Region.

I believe that Canadians who choose to serve their country are inspired and motivated by something that goes well beyond the necessity of making a living. Honourable senators probably know a number of women and man who have set aside promising careers in the private sector in order to work as a public servant for the betterment of their country.

The women and men of the public service of Canada fully understand and appreciate that our democratic system depends upon individuals living up to their responsibilities. We can be proud that our public servants maintain a high standard of both

professional and personal conduct at all times. The values that I spoke of earlier are entrenched values that permeate the public service and sustain its high quality. That understanding was clearly reflected by our Prime Minister in PS 2000. He said:

> The public service of Canada is fundamental to the successful functioning of our democratic institutions and of our country. It serves Canada ably and has contributed immeasurably to our stable economic and social environment, to our achievements as a modern industrial nation and to our values and identity as a people.

Honourable senators, the third week of June is four weeks from now. I recommend that we support this bill. I should like to ask Senator Molgat if he is prepared to move that the bill be sent to committee on behalf of Senator Frith, who was the sponsor of it.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

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

On motion of Senator Molgat, bill referred to the Standing Senate Committee on Social Affairs, Science and Technology.

VETERANS AFFAIRS

MOTION FOR BOOK OF REMEMBRANCE ADOPTED

On the Order:

> Resuming the debate on the motion of the Honourable Senator Marshall, seconded by the Honourable Senator Macdonald (*Cape Breton*):
>
> That the Senate urge the Government of Canada to prepare and place in the Memorial Chapel of the Peace Tower a book of remembrance honouring the Merchant Seamen who lost their lives in Canadian armed conflicts in World War I, World War II and the Korean conflict; and
>
> That a message be sent to the House of Commons requesting that House to unite with the Senate in the aforementioned action.—(*Honourable Senator Neiman*).

Hon. Joan Neiman: Honourable senators, I should like to say a few words in support of the motion of Senator Marshall that a book of remembrance be placed in the Memorial Chapel of the Peace Tower honouring the merchant seamen who died during World War I and World War II, as well in as the Korean conflict.

My support is based on my own experience during World War II when I spent nearly all my war career – almost four years—here in Ottawa at Naval Service Headquarters in the Directorate of Officer Personnel. That was hardly being at the front line, although we headquarters types used to say that we were fighting the battle of the Rideau Canal.

However, we were always conscious of where the real war was being fought. What brought me closer to the battle of the Atlantic was the parade of men through our office, since our directorate was responsible for manning the ships, or at least the officer components. We knew immediately of the ships that were sunk or damaged, and of the casualties.

Many of the survivors checked in with us later on, some battle-worn after multiple crossings and needing a shore appointment; others wanting another sea appointment as soon as their leave was completed. I shall not forget the stories they told of their own ships. They told us also of the unarmed merchant ships that had gone down beside them and of the heroic and horrible deaths of the merchant seamen. They felt the loss of those men as keenly as the loss of their own shipmates because it had been their duty to try to protect the merchant ships and get them across the ocean safely. After several terrible years those comrades in arms—and they were unequal only as to the arms they carried—managed to win the battle of the Atlantic together.

Rear Admiral Leonard W. Murray, who happened to be my senior officer for a number of years but who later became Commander in Chief of the Canadian Northwest Atlantic, acknowledged handsomely the special contribution of the merchant seamen. He said,

> "Make no mistake, the real victors of the battle of the Atlantic were not the navies or air forces, but the Allied Merchant Seamen."

During World War II, 67 Canadian merchant ships were lost; 198 merchant seamen were taken prisoner of war; and 1,146 were killed. I do not know the numbers of the losses in World War I and the Korean war.

The merchant seamen suffered and died while helping to defeat Canada's enemy. They earned at the very least a book of remembrance in their honour. I urge honourable senators to give unanimous consent to Senator Marshall's motion.

Hon. Senators: Hear, hear!

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

Hon. Senators: Agreed.

Motion agreed to.

• (2130)

FISHERIES

COMMITTEE AUTHORIZED TO CONDUCT STUDY

Hon. Eileen Rossiter moved, pursuant to notice of May 13, 1992:

> That the Standing Senate Committee on Fisheries be authorized to examine and report upon the current conditions and future prospects of Canada's Atlantic commercial inshore fisheries and any related matters; and
>
> That the Committee present its final report to the Senate no later than 31st March, 1993.

She said: Honourable senators, you are all well aware of the fact that the Atlantic fishery is again facing very difficult times. For generations, the fishery has been one of the major building blocks, if not the major building block, of the economic and social health of the East Coast. Literally hundreds of small rural and coastal communities throughout the five eastern provinces depend for their main economic support on the inshore fishery.

Unlike the crisis of the early 1980s, the major problem today is one of resource shortages, especially in the groundfish. As we all know, the northern cod stock has drastically declined.

Matters which the committee will report on include: the structure of the fishery; federal government policies, regulations and programs; the effectiveness of resource management and conservation; the social and economic context of the inshore sector; and other matters such as the tuna fishery, the crab fishery and northern shrimp.

We hope to identify and recommend measures which will contribute to the overall stability and prosperity of this very important sector of the Atlantic coast fishery.

I trust that members of this Chamber will see fit to adopt this motion as quickly as possible.

Hon. John B. Stewart: Would the honourable senator permit me to ask a question. The question concerns the interpretation of the motion.

I realize that the motion would focus the attention of the committee particularly on the inshore fishery. However, we all realize that there is a direct relationship between the activities in the offshore fishery and those in the inshore fishery. Am I correct in thinking that it is not the thought of the committee that it would be estopped from examining the offshore fishery operations as they influence the success of the inshore fishery? Am I correct in that interpretation?

Senator Rossiter: Yes indeed, Senator Stewart, you are correct.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Recently, in the Standing Committee on Internal Economy, Budgets and Administration, any members who have attended the meetings know that there have been severe restrictions on budgets, particularly for committees. Could the senator give us an idea of the budgetary considerations for this study? Do you have any idea?

Senator Rossiter: No, Senator Molgat, I do not have any idea, other than I am well aware of the fact that most of the committee funds have been earmarked. I am hoping that some committees will not use all of their allotment and that we will be able to complete this study properly.

Senator Molgat: I realize the very serious situation in the Atlantic fishery. However, it has been studied on many occasions in the past. I am wondering if there is a risk that the fishermen will start saying, "All you people do is study us, but you do not do anything to solve our problems"?

Senator Rossiter: Unfortunately, Senator Molgat, we in this chamber do not have anything to do with the implementing of the recommendations, but if we study the subject in depth and make good recommendations that can be implemented, then we will have done a good job.

Some Hon. Senators: Hear, hear!

Motion agreed to.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Wednesday, May 20, 1992

The Senate met at 2 p.m. the Speaker *pro tempore* in the Chair.

Prayers.

SENATORS' STATEMENTS

GENERAL ELECTION

NUMBER OF DAYS LEFT IN CURRENT TERM

Hon. Royce Frith (Leader of the Opposition): Honourable senators, the election clock ticks on.

Senator Doody: Big Ben.

Senator Frith: Yes, Big Ben. Very good. I like that. The election "Big Ben" ticks on as follows: For Senator Murray's democrats, there are 185 days left; for Senator Murray's cowards, 571 days.

[*Translation*]

COMPETITION ACT

BILL TO AMEND—REPORT OF COMMITTEE

The Hon. Jean-Marie Poitras, Chairman of the Standing Senate Committee on Banking, Trade and Commerce, presented the following report:

WEDNESDAY, May 20, 1992

The Standing Senate Committee on Banking, Trade and Commerce has the honour to present its

FIFTEENTH REPORT

Your Committee, to which was referred the Bill C-68, an Act to amend the Competition act (multi-level marketing plans and pyramid selling), has, in obedience of the Order of Reference of Monday, May 11, 1992, examined the said Bill and now reports the same without amendment.

Respectfully submitted,

JEAN-MARIE POITRAS
Chairman

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

On motion of Senator Poitras, bill placed on the Orders of the Day for third reading at the next sitting of the Senate.

[*English*]

PRIVATE BILL

GREEN SHIELD CANADA PREPAID SERVICES ASSOCIATION—FIRST READING

Hon. Richard J. Doyle presented Bill S-10, to incorporate the Green Shield Canada Prepaid Services Association.

Bill read first time.

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

Senator Doyle: Honourable senators, with leave of the Senate, and notwithstanding rule 58(1)(*f*), I move, seconded by the Honourable Senator Atkins, that this bill be read the second time tomorrow, Thursday, May 21, 1992.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, before the motion is put, I wonder if the honourable senator would indicate why leave is required? As a standard principle, as I have stated on many occasions, we should follow the regular practice of giving two days' notice. That is a time-honoured parliamentary practice, permitting all senators to read the legislation and consult anyone they wish to consult before proceeding to second reading. Why the urgency? Why is leave required?

Senator Doyle: Honourable senators, there is a wish on the part of the petitioner that this matter be cleared up here and sent to the other place. They are a little afraid of the clock as it ticks towards the month of June and the likelihood that Parliament will be away on holidays.

Hon. Earl A. Hastings: Leave is not granted.

The Hon. the Speaker *pro tempore*: Honourable senators, as leave is not granted, the bill will be placed on the Orders of the Day for second reading on Friday, May 22. Is it agreed?

Hon. Senators: Agreed.

[*Translation*]

GOODS AND SERVICES TAX

PRESENTATION OF PETITIONS

Hon. Jacques Hébert: Honourable senators, I have the honour to present petitions signed par 531 citizens from the province of British Columbia who oppose the goods and services tax.

These petitions come mainly from Kamloops and Victoria. My presentation has taken up exactly one minute of the time of the Senate, aside from Senator Simard's interruptions. Yet, it has somehow annoyed some honourables senators on the other side. But this is a serious matter if 531 citizens of this

country have taken the trouble of signing a petition, with their names and addresses, to protest against the goods and services tax.

Five hundred and thirty one citizens, that is quite a few! That is not to be disregarded, especially when you are at 20 per cent in the polls.

Let us imagine for a minute that these 531 citizens would have come in person. They would have filled both galleries, on each side of this Chamber, to capacity. Still, another 271 of them would be standing outside.

Hon. Jean-Maurice Simard: That is not part of the petition, is it?

Senator Hébert: No, Senator Simard, that is for your information, because you are always curious to know what it is all about.

QUESTION PERIOD

[*English*]

THE ENVIRONMENT

EARTH SUMMIT IN RIO DE JANEIRO—COMPOSITION OF CANADIAN DELEGATION

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, my question is to the Leader of the Government in the Senate. In his absence last week, I had put a question to the Deputy Leader of the Government regarding the composition of the parliamentary delegation to the Rio de Janeiro conference. It was my understanding that 12 members from the House of Commons would be attending the conference, and my question was how many senators would be included in the delegation.

● (1410)

Hon. Lowell Murray (Leader of the Government): Honourable senators, I really do not know the answer to that question. I am not aware that there are 12 members of the House of Commons attending as a House of Commons delegation. I had understood that arrangements were being made through one or several of the committees of that place to send members to the conference. Then, of course, there is the delegation that the government will be sending.

Senator Olson: The government is ignoring the Senate in this matter. That is how it seems to me.

Senator Murray: I will look into the matter and bring in a report.

Senator Molgat: Honourable senators, the minister was absent last week when I asked my question, so I purposely addressed it to the Deputy Leader of the Government in order that the matter would be given consideration in due course. I consider this to be a very important matter. If a Canadian government delegation is attending this conference and members of Parliament are included, there ought to be an equitable number from both houses. I think that is a standard principle that we should always insist upon.

If the minister is not in a position to answer my question now, that is fine; I shall await an answer. I hope that it will come quickly, because the timing is close; this is May 20 and the conference begins on June 2. I would hope that by tomorrow we could know. It is important to know how many members from the House of Commons are attending this conference and, accordingly, how many members from the Senate will also be attending.

Senator Murray: Honourable senators, I shall certainly try to obtain that information right away.

JUSTICE

SOCIAL UNREST—PROPOSED MEETING OF PRIME MINISTER WITH BIG CITY MAYORS AND FEDERATION OF MUNICIPALITIES—REQUEST FOR ANSWER

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, I have a second question. It is a follow-up to a question I had asked sometime ago, and repeated last week in the absence of the Leader of the Government. My question is with respect to the meeting of the Prime Minister with the mayors of major Canadian cities. When I asked the question previously, the minister indicated that he did not know if a request had come forward. I then read into the record a specific request from the mayor of the city of London, speaking on behalf of the mayors of the cities. Has that meeting now taken place? I have seen no news report on it. If not, and because of the urgency of the problem, when will it take place?

Hon. Lowell Murray (Leader of the Government): Honourable senators, here again I shall have to enquire of the Prime Minister's office as to what concrete plans, if any, are in place on that matter.

Senator Molgat: Honourable senators, I want to point out that that is the same answer the honourable senator gave me some eight days ago.

Senator Frith: The Prime Minister's office has been closed. He keeps going there and it says "closed".

Senator Molgat: The honourable senator had indicated at that time—and I can read him his comments—that this was an urgent matter for the Prime Minister. Surely we can get a answer within eight days.

Senator Murray (Leader of the Government): Honourable senators, I shall make enquiries. Organizing the Prime Minister's schedule is a very difficult matter. There are all kinds of demands on his time, such as requests for meetings et cetera. He is, as the honourable senator knows, in Washington today. There are other international meetings that he must attend and there are unforeseen events that occur and which require his participation and attendance. Therefore I would probably be safe in saying that no meeting of the kind

described by the honourable senator is imminent, but I will enquire to see whether arrangements are being made for a meeting and, if so, when.

Senator Olson: So he does not have time for the mayors.

NORTH ATLANTIC FISHERIES ORGANIZATION

RESULTS OF HALIFAX MEETINGS—GOVERNMENT RESPONSE

Hon. William J. Petten: Honourable senators, my question is to the Leader of the Government. The people of Atlantic Canada looked forward with great hopes and anticipation to the special meeting of the North Atlantic Fisheries Organization held in Halifax on May 11 to 14. However, I note from the press release after the meeting by the Honourable John Crosbie that we made only modest progress.

From Newfoundland's point of view, from my province's point of view, that may have been progress eight or ten years ago. However today, with foreign fleets still fishing on the Nose and Tail of the Grand Banks outside our 200-mile limit while our people inside are not allowed to fish, it is not a happy situation.

My question to the government leader is this: What does the government intend to do between now and the next meeting of NAFO, to be held in Halifax in September of this year?

Hon. Lowell Murray (Leader of the Government): I am sure the honourable senator is aware that new measures to improve surveillance and control were considered at the special meeting. If approved, those measures will improve surveillance and control over the fishing fleets outside the 200 mile zone and will reduce overfishing.

I do not disagree with the honourable senators's description of that as "very modest progress". It is modest indeed, and is yet to be respected and honoured by the states engaging in the fishery.

Having said that, I will ask Mr. Crosbie, the Minister of Fisheries and Oceans, whether he has a further comment in reply to the honourable senator's question.

Senator Petten: I would appreciate receiving a reply.

THE ECONOMY

INTERNATIONAL BUSINESS MACHINES—REDUCTION OF IBM'S CANADIAN WORK FORCE—REQUEST FOR ANSWER

Hon. Jerahmiel S. Grafstein: Honourable senators, I wish to thank the government for its prompt response to my question of May 6, 1992. Unfortunately, the response is not an answer to my question. The question was: What were the circumstances that caused IBM to reduce its workforce by approximately 20 per cent? Were there any means at the disposal of the government to restrain IBM from continuing to sell into the marketplace while repatriating jobs to the United States? The underlying assumption of the free trade agreement was that there would be greater opportunities for jobs in Canada. Apparently IBM has had exactly the reverse experience.

The response that the government provided indicated that IBM, while it is reducing its workforce in Canada, "... has steadily increased its exports over the years and remains poised to take advantage of predicted global growth opportunities." Therefore, we have the reverse of what the government promised: more exports from Canada, fewer jobs in Canada.

I repeat my question: Has the government any means at its disposal to see if it can stop this drift?

Hon. Lowell Murray (Leader of the Government): Honourable senators, the points raised by the honourable senator are matters for debate and I invite him to debate them at the appropriate time.

If he has further questions to ask as a result of what I think is a quite comprehensive reply produced by Mr. Wilson, I shall be glad to convey those questions to the Minister for International Trade and endeavour to obtain a further reply.

NOVA SCOTIA

WESTRAY COAL MINE DISASTER—APPOINTMENT OF COMMISSION OF INQUIRY

Hon. Allan J. MacEachen: Honourable senators, I wonder if I may ask the Leader of the Government in the Senate a couple of questions with respect to the Westray Coal Mine disaster. It may be appropriate at this stage, after we are slightly recovered from those horrendous events, to begin an examination of some of the circumstances that surrounded this disaster.

As the honourable minister knows, the government of Nova Scotia has appointed a judge to conduct an inquiry, and I believe the Parliament of Canada is the place to try to throw some additional light on the circumstances surrounding that decision.

The honourable minister can set me right if I am not correct, but I understand that the Westray Coal Mine was made possible because of $85 million in federal loan guarantees and over $8 million in interest buy-downs, and that the coal mine also received close to $700,000 research and development moneys from the Department of Supply and Services.

I should like to have, if possible, a copy of the agreement concluded with the head of Westray, Mr. Frame, and copies of the Memorandum of Understanding that Curragh Resources signed with the Department of Supply and Services. In fact, it would be helpful if the minister could undertake to provide us with any documentation, including studies, consultants' reports, letters, and other matters which were instrumental in securing the support of the Government of Canada for this particular project.

● (1420)

Hon. Lowell Murray (Leader of the Government): Honourable senators, the short answer to the honourable senator's question is in the affirmative.

Senator MacEachen: I take it the minister is confirming the financial support. I wonder about the documentation which I requested.

Senator Murray: I am confirming the statement that the honourable senator made concerning the financial arrangements, the loan insurance of 85 per cent of a $100-million term loan and an interest buy-down that was not to exceed $8.75 million on the same loan.

I had a note, or saw a reference somewhere to the funds that were provided for research and development. I will be glad to refresh my memory on that and provide details to the Senate.

With regard to the memoranda of agreement, the contracts, the consultants' reports and all the rest of it, there is quite voluminous documentation on these matters in the files of the government, all of it related to our role as a loan guarantor to the lender. In accordance with access to information legislation, all of this material is being reviewed now in the various departments that are concerned, and we look forward to its early release.

Senator MacEachen: Honourable senators, I wonder if, at some time either today or later, the Leader of the Government would throw some light on the allegation that, prior to the opening of the Westray mine, the company stated in its project overview that, with regard to the spontaneous combustion risk, it had concluded that that risk was not precisely defined. Therefore at that time, they were unable to define precisely the risk of spontaneous combustion. I am asking for clarification on whether such a project overview existed, and whether that description was contained therein.

On the same subject, it has been stated publicly that in 1988, I believe, the Cape Breton Development Corporation reportedly had warned of the risks of spontaneous combustion at Westray. My question is: Did such a report emanate from Devco, did it reach the reporting minister in Ottawa, and were any of those considerations contained in that report from a government corporation considered in Ottawa at that time?

Senator Murray: Honourable senators, it was a condition of our financial assistance to the project that the project conform to all of the health and safety standards and regulations of the government of Nova Scotia, which of course is responsible for the regulating of the coal mining industry in that province.

● (1430)

I recall the representations made at the time by the Cape Breton Development Corporation, and indeed they have been alluded to recently in the media and in media interviews with the former chairman of DEVCO, Dr. Teresa MacNeil. My recollection is that the representations were contained in a quite lengthy document that dealt almost exclusively with the financing and economics of the project, which, as you know, DEVCO opposed. There was a very brief reference to the safety history of the mine which, in one or two sentences, referred to information that was well known to all parties concerned.

[Senator Murray.]

Senator MacEachen: I presume the minister will try to make that report available to us.Would he also see if we can track down the project overview which is alleged to have been made by Westray itself and which seemed to give an indefinite answer to that question in its own overview at that time. I do not know whether that is the case or not. I am asking for clarification.

Senator Murray: I do not have any information at all about that, but I will look into it, honourable senators.

WESTRAY COAL MINE DISASTER—BASIS OF FEDERAL FINANCIAL SUPPORT

Hon. John B. Stewart: Honourable senators, I have a couple of related questions. On May 12 of this year, when the Leader of the Government in the Senate was dealing with this tragic matter, as reported at page 1478 of the *Debates of the Senate*, he said:

> Honourable senators, what I do know is that the development of any coal mine in that province is done in conformity with the laws and regulations of the province of Nova Scotia, which, in my recollection and experience, are extremely strict.

The minister has told us that it was the decision of the Government of Canada to support financially the opening of the Westray mine. Since the success of the venture depended—as we know now to our sorrow—on safety, did the Government of Canada, when deciding to commit federal money, look into the health and safety regime provided by the laws and regulations of the province of Nova Scotia? Alternatively, did the government simply assume that those laws and regulations were adequate to assure a safe mine on the Foord seam? That is my first question.

Hon. Lowell Murray (Leader of the Government): Honourable senators, the laws and safety regulations would be known to the Government of Canada. We believe them to be adequate—indeed more than adequate. As to the cause of the disaster that took place there, it remains to be seen, as a result of the Royal Commission which the Government of Nova Scotia has appointed, whether the cause of the disaster is related to the adequacy or otherwise of the regulations, or to human error, or to some other factors.

Senator Stewart: The parent company, Curragh Resources, has operated other mines in Canada. Could the minister tell us if, in any department of government, in Energy, Mines and Resources, for example, there are records of any kind bearing upon the way that company conducts its operations, particularly with respect to the health and safety of miners? I am asking this question especially, but not exclusively about the mine in the Yukon Territory.

Senator Murray: Honourable senators, I would have to inquire.

Senator Stewart: And you will inquire?

Senator Murray: Yes, honourable senator.

DELAYED ANSWERS TO ORAL QUESTIONS

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, I wish to table the response to a question raised by Senator Frith on May 7, 1992, regarding the "Brighter Futures" program, and another on May 12 by Senator Bonnell regarding the possibility of a visit to Canada by President Yeltsin.

HEALTH AND WELFARE

"BRIGHTER FUTURES" PROGRAM—GOVERNMENT FUNDING FOR CHILDREN AT RISK

(*Response to question raised by Hon. Royce Frith on May 7, 1992*)

In the recent budget, the government proposed a new Child Benefit, which will increase by $2.1 billion over the next five years federal support for children and families. This brings the annual total expenditure on the child benefit system to about $4.9 billion. In addition, large families receive an extra $75 for the third and subsequent children. Families with children under seven will still receive the supplement to the Child Tax Credit of up to $213 per child.

The Minister of Health and Welfare has recently announced Brighter Futures, a preventive and multi-faceted program directed primarily at intervention in the early stages of the lives of children that adds another $500 million over five years to the cause of child development. The four program areas of prevention, promotion, protection and partnership include initiatives addressing issues such as low birth weight, injuries, mental health and parenting.

Since 1984, the government has had an enviable record on helping child and families, particularly the ones most in need. For example:

- Our economic and labour market strategies have focused on jobs, which means that parents are better able to support their families;

- the Child Tax Credit was increased by more than 50 per cent between 1984 and 1992, that is from $367 to $601 per child. In addition, a Child Tax Credit supplement for children under seven was introduced ($213 in 1992);

-the refundable Sales Tax Credit which was introduced in 1986 to help support low-income families has now been superseded by the Goods and Services Tax Credit of value up to $193 for an individual, $193 for a spouse and $102 for each eligible child. Under sales tax reform, the Goods and Services Tax credit ensures that families with incomes less than $30,000 will be better off;

-the 1988 personal tax reform removed 850,000 lower income Canadians from the tax rolls;

- the federal government has increased its support for child care to one billion dollars a year—a four-fold increase since 1984. It continues to cost-share day care expenditures with provinces and territories under the Canada Assistance Plan benefiting thousands of low-income parents and their children. For working parents, the Minister of Finance has announced an increase in the maximum Child Care Expense Deduction of $1,000 beginning in 1993 to reflect the child care costs that these parents face;

- the policies addressing marital break-down have helped to better ensure that custodial parents have the financial means with which to support and care for their children;

-amendments to extend the leave provisions under the Unemployment Insurance Program, and approximately $1 billion is spent on maternity and parental benefits;

- the family violence initiative commits the federal government to spending $136 million to help eliminate the problem of family violence; and,

-the National Drug Strategy announced in March 1992 is a five-year $270 million initiative to prevent drug use.

These are some of the important measures that the Government has taken in order to better target our limited resources, and that is the taxpayers money, where help is needed most.

The Government's economic strategies focus on deficit reduction, competitiveness, economic growth and low inflation, to create the jobs and opportunities so that parents can better support their children. The Government helps children by establishing initiatives for sustainable economic growth, prosperity and longterm competitiveness. Thus, fiscal restraint is an essential part of any strategy to help children and their families.

The argument that $5 billion has been removed from the child benefit program in this country since 1986 assumes that the economic and social context remained unchanged since 1984. Only considering de-indexing of benefits and partial de-indexation of thresholds fails to consider the significant increases in personal and family incomes and employment that have occurred since 1984.

The $5 billion figure includes $1.5 billion attributed to reneging on the commitment to child care and the ceiling on Canada Assistance Plan expenditures. In fact, actual expenditures on child care and transfers to the provinces through the Canada Assistance Plan have increased substantially since 1984. Federal expenditures on child care amount to over $1.0 billion in 1992. Through the Canada Assistance Plan, the federal government supports children by cost-sharing eligible provincial expenditures on social assistance and social services, annual federal

expenditures under the Plan amount to over $6.5 billion, and over 35% of the beneficiaries are children.

INTERNATIONAL TRADE

IMPENDING VISIT OF PRESIDENT BORIS YELTSIN TO UNITED STATES—POSSIBILITY OF VISIT TO CANADA—GOVERNMENT POSITION

(Response to question raised by Hon. M. Lorne Bonnell on May 12, 1992)

The Government is considering the possibility of a visit to Canada by President Yeltsin this summer. Officials are working with their Russian counterparts to find mutually-convenient dates and to develop a program.

COASTING TRADE BILL

SECOND READING—DEBATE CONTINUED

On the Order:

Resuming the debate on the motion of the Honourable Senator Rossiter, seconded by the Honourable Senator DeWare, for the second reading of Bill C-33, respecting the use of foreign ships and non-duty paid ships in the coasting trade.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, I adjourned this debate last evening after listening to the interesting comments of Senator Forrestall and I had hoped to be able to proceed today. I did not receive my copy of *Debates of the Senate* until shortly before coming into the Chamber. I would ask the indulgence of the house to let the matter stand until tomorrow, when I will be prepared to proceed. However, if anyone else wishes to speak at this time, I would not stand in the way of anyone participating.

On motion of Senator Molgat, debate adjourned.

[*Translation*]

CANADA DEPOSIT INSURANCE CORPORATION ACT

BILL TO AMEND—REPORT OF COMMITTEE—DEBATE CONTINUED

On the Order:

Resuming debate on the consideration of the 14th report of the Standing Committee on Banking, Trade and Commerce (Bill C-48, an Act to amend the Canada Deposit Insurance Corporation Act and to amend other Acts in consequence thereof), tabled in the Senate on May 14, 1992.

Hon. Jean-Marie Poitras: Honourable Senators, the Standing Committee on Banking, Trade and Commerce has concluded its preliminary study on Bill C-48, an Act to amend the Canada Deposit Insurance Corporation Act and to amend other Acts in consequence thereof. This bill gives the government more alternatives to help troubled financial institutions. Under the present act, the Canada Deposit Insurance Corporation is empowered to take the necessary measures to liquidate a financial institution that is insured or that is insolvent and about to declare bankruptcy.

The bill proposes that, under certain conditions, the Canada Deposit Insurance Corporation be given the control of the shares and subordinated debt of a troubled institution while the institution is looking for a way to avoid liquidation. The committee used its knowledge of financial institutions to make constructive suggestions before the bill leaves the other house. This will enable both houses to speed the passing of the bill, therefore avoiding situations such as that of Central Guaranty, that lingered on to the point of affecting people's confidence in the system. The other house has already proposed several amendments to the bill. The protection of the members of the Canadian payment system and allowing the participation of provinces are two examples. The committee proposes a number of amendments in its report, based on technical issues raised during the hearings. For instance, an amendment provides that the deposit insurance corporation should be allowed to seize the assets rather than the shares and the subordinated debt. Several groups raised this issue. Another technical amendment is the taking over of the liabilities of a restructured institution, as well as issues related to the transfer of assets when a financial institution restructuring process is under way.

In its report, the committee also raises fundamental issues concerning the deposit insurance corporation, but those issues go beyond the scope of Bill C-48. These include the adequate splitting of costs between the Consolidated Revenue Fund and the deposit insurance corporation fund, the make-up of the board of directors, as well as federal-provincial harmonization. The committee will deal with those issues later on this year, through special reviews. In its report, the committee recommends that the government deal with the technical issues before the bill reaches the Senate. This will speed up the passing of the bill and provide the deposit insurance corporation with an additional tool to generate public confidence in the Canadian financial system. Honourable Senators, I move the adoption of the report.

[*English*]

Hon. Consiglio Di Nino: Honourable senators, yesterday Senator Kirby made some comments on Bill C-48. I should have liked to respond a little more thoroughly than I did with the question I asked him yesterday. Unfortunately, because I did not receive the *Debates of the Senate* until just a few moments ago, I am not prepared to make a comment today. If my honourable colleague will allow, I should like to adjourn the debate until either tomorrow or Friday morning.

On motion of Senator Di Nino, debate adjourned.

SOCIAL AFFAIRS, SCIENCE AND TECHNOLOGY

FIFTH REPORT ADOPTED

The Senate proceeded to consideration of the Fifth Report of the Standing Senate Committee on Social Affairs, Science and Technology (budget—study on citizenship), presented in the Senate on 19th May, 1992.

Hon. Lorna Marsden: Honourable senators, I move the adoption of this report.

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

Motion agreed to and report adopted.

[*Translation*]

THE CONSTITUTION

HISTORICAL PERSPECTIVE OF THE DISTINCT SOCIETY OF QUEBEC—DEBATE CONCLUDED

On the Order:

> Resuming the debate on the inquiry of the Hon. Senator David, calling the attention of the Senate to his historical understanding of the distinct society of Quebec.

Hon. Eymard G. Corbin: Honourable senators, under the circumstances, I do not intend to resume the debate on this question. I therefore withdraw from the debate. If other senators wish to pursue it, they are free to do so.

The Hon. the Speaker *pro tempore:* Honourable senators, if no other senator wishes to speak, this item is considered debated.

[*English*]

FOREIGN AFFAIRS

COMMITTEE AUTHORIZED TO MEET DURING SITTINGS OF THE SENATE

Hon. John B. Stewart moved, pursuant to notice of May 19, 1992:

> That the Standing Senate Committee on Foreign Affairs have power to sit at four thirty o'clock in the afternoon on Tuesdays, June 2, 9 and 16, 1992, even though the Senate may then be sitting, and that rule 96(4) be suspended in relation thereto.

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

Hon. Senators: Agreed.

Motion agreed to.

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

Hon. John B. Stewart moved, pursuant to notice of May 19, 1992:

> That the Standing Senate Committee on Foreign Affairs have power to sit at three thirty o'clock in the afternoon on Thursday, May 21, 1992, even though the Senate may then be sitting, and that rule 96(4) be suspended in relation thereto.

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

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, at the risk of repeating my plea, if committee chairmen made an attempt to sit at 4.30, that would normally suit the business of the Senate a bit better. However, as I look at the clock today and at the items remaining on the Order Paper, even that defence has been shattered because it appears that the way will be clear for the committee to proceed at 3.30 this afternoon.

The four motions before us today are a prime example of the problem facing the Senate. Possibly we can deal with this matter when we have the impending meeting with committee chairmen, but I think it presents a serious problem for the Senate. In the meantime, if we can at least set committee meetings for 4.30, that would assist the work of the Senate. I know that there are circumstances in which that cannot be done, but we should strive to leave room for Senate work.

Otherwise, I will have to return to my proposal of last night that the Senate meet every Monday night at 8 o'clock, immediately adjourn and ask the committee chairmen to convene and give the Senate leave to sit on whatever day they see fit.

Motion agreed to.

LEGAL AND CONSTITUTIONAL AFFAIRS

COMMITTEE AUTHORIZED TO MEET DURING SITTINGS OF THE SENATE

Hon. Nathan Nurgitz pursuant to notice of May 19, 1992, moved:

> That the Standing Senate Committee on Legal and Constitutional Affairs have power to sit at three-thirty o'clock in the afternoon on Wednesdays, even though the Senate may then be sitting, during the Committee's consideration of Bill S-8, An Act to regulate the manufacture and importation of motor vehicles and motor vehicle equipment to reduce the risk of death, and injury and damage to property and the environment, and Bill C-36, An Act respecting corrections and to establish the office of Correctional Investigator, and that rule 96(4) be suspended in relation thereto.

He said: Honourable senators, I suppose I fall into the same category, but at least I am in good company. Would it be somewhat more satisfactory if we chose 4 o'clock? In deference to Senator Molgat, we have asked for this concession only with respect to two bills, both of which we suspect will have a long list of witnesses. On Bill S-8 we will probably have in excess of 20 or 25 witnesses. I will undertake on behalf of the committee that it will sit evenings as well.

I am quite prepared to say, humour aside, that if 4 o'clock would better suit the Deputy Leader of the Opposition, I do

not think it would be unsuitable to members of the committee. I would accordingly amend the motion to read "4 o'clock".

● (1450)

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, from the standpoint of the Senate, that is an improvement. I note that the motion of Senator Nurgitz is with regard to two bills only, although he is asking for a perpetual motion which in itself extends matters beyond what is normal. However, if we can agree to 4 o'clock, then that is an improvement over what it was in the first place.

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

Hon. Senators: Agreed.

Motion, as amended, agreed to.

ENERGY, THE ENVIRONMENT AND NATURAL RESOURCES

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

Hon. Day Hays, pursuant to notice of May 19, 1992, moved:

> That the Standing Senate Committee on Energy, the Environment and Natural Resources have power to sit at 3:30 o'clock in the afternoon on Thursday, May 21, 1992, even though the Senate may then be sitting, and that rule 96(4) be suspended in relation thereto.

The Hon. the Speaker *pro tempore:* 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

Thursday, May 21, 1992

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

Prayers.

SENATORS' STATEMENTS

PRINCE EDWARD ISLAND

CLOSURE OF RESEARCH STATION—EFFECT ON OYSTER INDUSTRY

Hon. M. Lorne Bonnell: Honourable senators, I should like to make a statement to the Minister of Interprovincial Relations, inviting him to come to the rescue of the oyster fishermen in Prince Edward Island, in Prince County and the Egmont area of my good friend Senator Phillips.

We are in a bad way on Prince Edward Island. First we lost our air base; then we lost the railroad. We are in the process of losing the Post Office, and now we are informed that we are to lose the fisheries research station that was set up in Prince Edward Island for the benefit of our Malpeque oyster industry. If that fisheries research station in Prince Edward Island is closed because of the policies of the Department of Fisheries and Oceans, we will then have only a minimal amount of support from that Department. Consequently the quality of our oysters, which are now known worldwide as the best in the world, may be down-graded and we may suffer a significant loss of sales in our oyster fishing industry.

It is bad enough to have this government destroy the cod, capelin, flounder, and all the other fish, but the oyster fisheries that are farmed in Prince Edward Island are the best in the world. I should like the minister to intercede to see if he can have the Minister of Fisheries and Oceans maintain that fisheries research station in Prince Edward Island.

GENERAL ELECTION

NUMBER OF DAYS LEFT IN CURRENT TERM

Hon. Royce Frith (Leader of the Opposition): Honourable senators, for any senators who had a momentary disappointment, thinking that they might not hear about Big Ben today, the election clock for Senator Murray's democrats reveals that, as of Thursday, May 21, 1992, they have 184 days left, while the contemptuous cowards have 570 days remaining.

Senator Molgat: Time marches on. They will be in trouble soon.

[*Translation*]

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

TWENTY-FOURTH REPORT OF COMMITTEE PRESENTED

Hon. Roméo LeBlanc (Beauséjour), Deputy Chairman of the Standing Senate Committee on Internal Economy, Budgets and Administration, presented the following report:

THURSDAY, May 21, 1992

The Standing Committee on Internal Economy, Budgets and Administration has the honour to present its

TWENTY-FOURTH REPORT

Your Committee has examined and approved the budget presented to it by the Chairman of the Standing Senate Committee on Agriculture and Forestry, for the proposed expenditures of the said Committee to engage the services of such counsel and technical, clerical and other personnel as may be necessary for the purpose of its examination and consideration of such bills, subject matters of bills and estimates as may be referred to it, as authorized by the Senate on Wednesday, November 20, 1991. The said budget is as follows:

Professional and Other Services	$ 9,250.00
Transportation and Communications	$ 14,793.00
Other Expenditures	$ 800.00
TOTAL	$ 24,843.00

Respectfully submitted,

ROMÉO LEBLANC
Deputy Chairman

The Hon. the Speaker *pro tempore:* When shall this report be taken into consideration, honourable senators?

On motion of Senator LeBlanc (Beauséjour), report placed on the Orders of the Day for consideration at the next sitting of the Senate.

TWENTY-FIFTH REPORT OF COMMITTEE PRESENTED

Hon. Roméo LeBlanc (Beauséjour), Deputy Chairman of the Committee on Internal Economy, Budgets and Administration, had the honour to present the following report:

THURSDAY, May 21, 1992

The Standing Committee on Internal Economy, Budgets and Administration has the honour to present its

TWENTY-FIFTH REPORT

Your Committee recommends that the Standing Committee on Internal Economy be authorized to release 12/12 of the funds for the following committees:

1) Sub-Committee on Security and National Defence (trip to U.N.);

2) Special Joint Committee on Conflicts of Interest;

3) Standing Committee on Banking, Trade and Commerce (Financial Institutions—draft regulations);

4) Standing Committee on National Finance (legislation); and

5) Standing Committee on Transport and Communications (legislation).

Respectfully submitted,

ROMÉO LEBLANC
Deputy Chairman

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

On motion of Senator LeBlanc (Beauséjour), report placed on the Orders of the Day for consideration at the next sitting of the Senate.

[*English*]

NATIONAL PUBLIC SERVICE WEEK BILL

REPORT OF COMMITTEE

Hon. Lorna Marsden, Deputy Chairman of the Standing Senate Committee on Social Affairs, Science and Technology, had the honour to present the following report:

Thursday, May 21, 1992

The Standing Senate Committee on Social Affairs, Science and Technology has the honour to present its

SIXTH REPORT

Your Committee, to which was referred the Bill C-328, An Act respecting National Public Service Week: Serving Canadians Better, has in obedience to its Order of Reference of Tuesday, May 19, 1992, examined the said Bill and now reports the same without amendment.

Respectfully submitted,

LORNA MARSDEN
Deputy Chair

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

Hon. Royce Frith (Leader of the Opposition): At the next sitting of the Senate.

Senator Marsden: Honourable senators, if I may, the issue is slightly more complicated. If we are sitting tomorrow, I hope it will be given third reading at the next sitting. If we are not to sit tomorrow, then, as this bill provides that National Public Service Week will be the third week in June, any delay would raise complications. Therefore, I would hope, with leave, to have third reading later today.

Hon. John Lynch-Staunton (Deputy Leader of the Government): In view of the public service, I think we should sit tomorrow.

Senator Frith: The deputy leader says that we will be sitting tomorrow, so it should stand. On motion of Senator Frith, bill placed on the Orders of the Day for third reading at the next sitting of the Senate.

[*Translation*]

GOODS AND SERVICES TAX

PRESENTATION OF PETITIONS

Hon. Jacques Hébert: Honourable senators, by popular request, I have the honour to present petitions signed by 65 residents of the province of New Brunswick, who object to the goods and services tax.

Most of these petitions are from Fredericton, Rivière-du-Portage and Maisonnette.

I also have the honour to present petitions signed by 533 residents of the province of British Columbia who object to the goods and services tax. These petitions are mainly from Kamloops.

So we have a grand total of 598 Canadians who object to the goods and services tax, especially its application to books and periodicals.

These people probably still hope Prime Minister Mulroney will finally keep his promise to at least exempt books from the goods and services tax, a promise revealed by Senator Chaput-Rolland, which was her excuse for voting against the Liberal amendment concerning books and periodicals.

I hope that Senator Chaput-Rolland, who is not with us, unfortunately, will remind the Prime Minister of his promise and set the minds at rest of those 598 petitioners whose addresses are now, and shall remain, at her disposal.

QUESTION PERIOD

[*English*]

THE ECONOMY

DOWNWARD REVISION OF ECONOMIC FORECASTS

Hon. H.A. Olson: Honourable senators, I have a question for the Leader of the Government that has to do with the economic forecasts of organizations such as the Conference Board of Canada, the International Monetary Fund and others, and even of the Minister of Finance himself. In the last few days they have amended their forecasts down significantly from where they were a few weeks ago. I do not want to get

into an argument about it, but there is a fairly long list of organizations that have reduced their forecasts of what will happen to the Canadian economy in 1992-93.

Can the minister tell us whether the government has under active consideration a contingency plan to help the economy move forward in the event that these revised predictions turn out to be more accurate than the forecasting done some months ago, as indeed they are, day by day, proving to be? Is there a contingency plan in the event that the level is down around 1 per cent, as the Conference Board now predicts, rather than the 2.7 per cent growth forecast some time ago?

Hon. Lowell Murray (Leader of the Government): Honourable senators, the short answer to the question is that the Minister of Finance revised downward his forecast for economic growth, because the growth in the last quarter of 1991 and at the beginning of 1992 was weaker than anticipated.

With regard to the Conference Board forecasts, we remain convinced that they are unduly pessimistic in that, for one thing, they underestimate the likely rate of economic growth for the balance of the calendar year 1992.

Senator Olson: Honourable senators, the minister and the government can have whatever opinion they like, but, as the minister knows, I have asked this question repeatedly since the budget was brought down several months ago, and each time the minister has replied by saying that the Canadian economy is poised for growth. He did not make the mistake of saying that it had grown, although there is evidence now that there has been an increase in certain trade factors in the last few months; but the economy, overall, continues to sink.

Therefore this term "poised to move forward" does not fit the situation any more. Based on current forecasts—although not the OECD forecasts, which have been rendered useless by the passage of time—can the Leader of the Government point to positive measures that the government plans to take, rather than indicating that the government is "poised to move forward", which never seems to happen? Jobs are disappearing.

Senator Murray: Honourable senators, in particular we believe that the Conference Board forecast errs in that it predicts only modest growth for the second half of 1992. We are convinced that they underestimate significantly the impact of lower interest rates on the interest-sensitive components of aggregate demand here and in the United States.

Furthermore, the Conference Board expects investment to be flat or to grow only very moderately. In that respect, we believe they ignore the fact that the industrial restructuring that is now under way in Canada will require substantial increases in investment spending.

These are only two of the areas in which we believe—and time will tell who is right—that the Conference Board forecast is unduly pessimistic.

Senator Frith: Not a bad job with a hopeless case!

Senator Olson: Honourable senators, there is a severe problem in all of this that I hope the government could begin to understand; that is, that the government and its agent, the Bank of Canada, have demonstrated that every time there is a decrease in the value of the Canadian dollar or an increase in inflationary factors, they move in immediately with the blunt instrument they have available to them and raise the interest rate.

Under those conditions, I would think that it is not very difficult for the government to understand that an investor who has just been through what the government and the Bank of Canada did to investors a few months ago, will not walk into that trap again. In other words, investors will not borrow money when the government's stated monetary policy is that it will move in immediately with higher interest rates and knock the props out from under any gain in the economy. I have talked to many businessmen, and they are not willing to take that chance again.

Is the government giving any consideration to modifying what it will do with its monetary policy so that investors and consumers can have some confidence in the economy?

Senator Murray: Honourable senators, I would have thought that before the honourable senator brought up the question of monetary policy, he would have checked with the Bank of Canada, which today announced a further decrease of 12 basis points in the bank rate from 6.62 per cent last week to 6.50 per cent this week. It is Thursday again.

Some Hon. Senators: Hear, hear!

Senator Frith: Shades of other Thursdays. You brought this up every Thursday when you were on this side of the Chamber.

Senator Murray: What this reflects, of course, is the terrific progress we have made in this country in controlling inflation.

Some Hon. Senators: Hear, hear!

Senator Murray: That is just one factor—but a very important one—with regard to investment intentions.

The investment picture is not at all as the honourable senator describes it. To take only the question of foreign investment in Canada, since the implementation of the free trade agreement—and I am sorry Senator Perrault is not here, because he is so interested in this subject—Canada has had net investment flows for the first time since the National Energy Program was instituted.

● (1420)

Senator Olson: Honourable senators, the Leader of the Government in the Senate either did not understand the question or chose to give me something else. I received a reply, but no answer.

Senator Frith: The Artless Dodger.

Senator Olson: One of the main problems Canadians have had has been the result of an exercise by this government and

the Bank of Canada in which they raised the prime interest rate until it reached 14.75 per cent. That has driven a lot of people out of business. Bankruptcies are at a record high. I do not need to recite all that, because I think it is well known to the minister.

I am asking whether or not this government is prepared to do anything to restore the confidence of Canadians to invest in their own country. He talked about foreign investment. That is good and useful, but it is nothing compared to what Canadians could do in this country if they had any confidence that they could invest further capital, or borrow money and put themselves in debt, without having this government and the Bank of Canada clobber them with interest rates when the economy gets going a little bit. Now, if the Leader of the Government did not understand that, I will explain it to him another way.

Senator Murray: Honourable senators, the trend of the bank rate and interest rates in this country has been downward for some considerable time. I have just told honourable senators that the bank rate was struck at 6.50 per cent today. That is the lowest in more than 20 years.

Some Hon. Senators: Hear, hear!

Senator Frith: Now tell them about the unemployment figures.

Senator Murray: Honourable senators, one does not have to go back too many years to find an example of double-digit interest rates, double-digit inflation, and double-digit unemployment all at the same time.

Let me say that I agree with the honourable senator to this extent: I believe the one missing component at the moment is consumer confidence. While it has been growing, it has been growing very slowly.

Senator Olson: What about investor confidence?

Senator Murray: The honourable senator is wrong when he speaks about investor confidence. Investor confidence is coming back quite nicely, thank you. I have just indicated that to the honourable senator.

However, the most important missing component is in fact consumer confidence, and it does have to rebound. Let me give the honourable senator and others some further reasons, in addition to the ever-declining interest rates in this country, for a rebound in consumer confidence. Real GDP increased in both January and February. Our merchandise exports increased by almost 4 per cent in the first quarter of this year. Housing starts rose 7.6 per cent last month.

That must tell the honourable senator something about consumer confidence.

Existing house sales rose 23.4 per cent in the first quarter. Sales of new motor vehicles rose 2.6 per cent in April. These are signs that point to a renewal in consumer confidence.

[Senator Olson.]

I agree with him that we do need a greater rebound in consumer confidence. It is the one and most important missing element in the revival and renewal of the Canadian economy.

The Hon. the Speaker: Senator Olson, I will come back to you. Senator Barootes has a supplementary question.

Hon. Efstathios William Barootes: Honourable senators, I have a very simple question—

Senator Frith: You are a very simple person.

Senator Barootes: —for the Leader of the Government in the Senate, and I am sure he can give an answer simple enough for everybody on the other side to understand.

There are two figures I would ask for on the Bank of Canada rate: What is it today, and what was it in 1982?

Senator Murray: It is 6.50 today and, although I do not have the exact figure, it was about 21 or 22 per cent back in 1982.

Some Hon. Senators: Hear, hear!

Senator Frith: Take it easy. We will be pounding those desks in 183 days, so take it easy.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): I would hope the Leader of the Government will also provide to Senator Barootes the unemployment figures for the same two dates. However, I am not rising to ask a question in that regard.

● (1430)

THE ENVIRONMENT

EARTH SUMMIT IN RIO DE JANEIRO—COMPOSITION OF CANADIAN DELEGATION

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, my question today is a follow-up on a question I asked yesterday of the Leader of the Government in the Senate, which in turn was a follow-up on a question I asked a week ago. That is with respect to the composition of the delegation to the Earth Summit to be held in Rio de Janeiro.

Timing in this matter is becoming more critical. We are now finding new demands coming at us. This morning, at a meeting of the Internal Economy committee, there was a request from the Agriculture and Forestry committee for approval of the funding to send a delegate to the conference in Rio.

I think it is extremely important, therefore, that we settle the matter quickly with regard to two points: First, there must be an equitable representation from the Senate as compared to the House of Commons. Second, there must be an equitable representation of the parties within the delegation. That is a traditional practice with regard to delegations.

We in the Senate must insist that we not be by-passed, that we are not treated as second-class citizens. This is an equal house to the House of Commons insofar as its authority and

insofar as our committees are concerned. There is absolutely no reason for us not to follow the traditional practice.

Hon. Lowell Murray (Leader of the Government): Honourable senators, I have to point out to the Deputy Leader of the Opposition that the government will be sending a delegation of ministers and official advisors. The details have yet to be finalized by the Prime Minister.

So far as parliamentarians are concerned, I can tell the honourable senator what was done in the House of Commons. In that place, on May 19, motions were passed by unanimous consent allowing five members of the House of Commons Standing Committee on the Environment and five Members of the House of Commons Standing Committee on Forestry and Fisheries to attend this conference. Their expenses will be paid through the budgets of each of those standing committees.

I am informed that it has not yet been determined which Members of Parliament will be attending, although that is not our concern here, nor whether they will have delegate or observer status at the conference.

The honourable senator has indicated that a proposal was made at the Internal Economy committee this morning that one of our committees send a representative to the conference. This is a matter for the committee to decide in light of budgetary considerations, I would think.

Senator Molgat: Honourable senators, do we have the assurance of the minister that no members of either the House of Commons or the Senate will be going on the government delegation per se? Any who will be going from the House of Commons will be going because they are committee members, and that this is the decision of a committee; is that correct?

Senator Murray: The only information I have on the matter is that the official delegation will consist of ministers and official advisors. Ministers, with one exception, are members of the House of Commons. Whether any other parliamentarians are part of that official delegation, I do not know. What I have in front of me states that the details have yet to be finalized. I will have to wait until that is done before informing the house.

Senator Molgat: In other words, is there the possibility that parliamentarians will be going on the delegation?

Senator Murray: I do not know.

Senator Molgat: I must repeat my question, then. Will the minister assure us that if parliamentarians are to be included, there will be equitable representation from the House of Commons and the Senate, and that there will be an equitable representation of parties?

Senator Murray: Honourable senators, the honourable senator has made those representations. I have heard them. At the moment, the representations and, indeed, the question, are hypothetical. I do not know the answer to the question of whether or not there are parliamentarians other than ministers expected to be part of this official delegation.

Senator Molgat: Does the minister agree with the principle I have set forth, namely, that if parliamentarians are to be included, there be representation from both houses on an equitable basis, and that there be an equitable representation of the parties?

Senator Murray: Honourable senators, I certainly agree that the usual practice should be followed, yes.

NOVA SCOTIA

WESTRAY COAL MINE DISASTER—PRODUCTION OF REPORTS OF INDEPENDENT CONSULTANTS CONCERNING SAFETY

Hon. John B. Stewart: Honourable senators, yesterday I asked the Leader of the Government in the Senate whether, when the government decided to support financially the opening of the Westray mine in Nova Scotia, it undertook to ascertain whether the health and safety regime under which that mine would operate was sufficient to protect its investment. The minister answered that at that time, the laws and safety regulations of Nova Scotia would have been known to the Government of Canada. He said, "We believe them to be adequate—indeed more than adequate."

Yesterday in the House of Commons, the Minister of State for Small Businesses and Tourism was asked a question concerning the Westray mine, and in particular about the health and safety regime there. He replied in part, as reported at page 10929 of the *House of Commons Debates:*

> In this particular contract, the Bank of Nova Scotia, wanting to protect its investment, made sure this was done on a monthly basis. It was done and we also ensured that it would be done because our guarantee was there.

He mentions that the Government of Canada assured itself as to the health and safety regime by employing independent mining consultants.

Would the Leader of the Government in the Senate undertake to table the reports of the independent mining consultants who were selected to monitor the health and safety regime at the Westray mine?

Hon. Lowell Murray (Leader of the Government): Honourable senators, as I indicated yesterday in reply to questions from Senator MacEachen, the material in our possession is quite voluminous. It is being reviewed now in light of access to information with a view to its early release. I will certainly look into the reports mentioned by the honourable senator.

When he or I speak of the health and safety regime, I think it is clear—and it will be clear, certainly, from a reading of *Hansard*—that I was speaking of the relevant laws and regulations in the Province of Nova Scotia and the conformity of the project with those laws.

What Mr. Hockin indicated yesterday, and I think I may have alluded to it myself, is the fact that before the bank would allow money to flow to the project, it would have required periodic reports, perhaps on a monthly basis, as was

suggested. Among other things, it required that the development of the mine was proceeding and that it be verified that it was proceeding in conformity with the health, safety and other standards and laws of the Government of Nova Scotia.

As Mr. Hockin indicated, of course, as a guarantor of the loan we would have received those reports as well.

Senator Stewart: Honourable senators, the implication in the answer, if I heard it correctly, is that the Bank of Nova Scotia sought the surveillance and the Government of Canada received copies of whatever reports were prepared. That does not seem to conform exactly to what the Honourable Tom Hockin said. He makes reference to the Bank of Nova Scotia's concern, and then he says:

• (1440)

> It was done, and we also ensured that it would be done because our guarantee was there.

In other words, the Government of Canada's concern was not simply secondary to the concern of the Bank of Nova Scotia. Is that correct?

Senator Murray: That is fair enough. I just want to underline the fact that we are talking about the same set of documents or the same reports. Of course, we were concerned, and not in any secondary sense, because we were the guarantor of the loan. Further to that, we were providing an interest rate buy-down on the loan. If I am not mistaken, the requirement that those verifications be obtained was part of the contract between the government, the bank, and the sponsors of the project.

Senator Frith: You are saying the same report was sent to two different people.

Senator Murray: Yes.

Senator Stewart: There is another related question I want to ask at this time. It flows from Senator Murray's initial response. He said there was voluminous material and that it was being examined to ascertain what could be made available to the public under the Access to Information Act.

Will the information that is made available to this house, and possibly to the House of Commons, be limited to that information which would be made available to any member of the public under the Access to Information Act?

Senator Murray: No, honourable senators. I do not know whether the Parliamentary rules and practice are rather more broad than the access to information rules, but both the latter, in the case of inquiries from the public, and the former, that is, Parliamentary practice, in the case of requests from members of Parliament, will be observed.

[Senator Murray.]

INTERNATIONAL RELATIONS

JAPAN—EFFECT OF TRADE SURPLUS ON TRADING PARTNERS—GOVERNMENT POLICY

Hon. Jack Austin: Honourable senators, I have a question for Senator Murray. There are now economic numbers available that indicate that Japan's projected trade surplus for 1992 will run at an historic $132 billion, approximately, if the performance for the first four months of 1992 is projected throughout the rest of the year. That surplus exceeds by three times Japan's surplus in 1985, when the Plaza Accord was agreed upon.

Numbers are also now available to show that, on the basis of a percentage of GDP taken by consumption, Japan's rate of consumption is 56 per cent, the European Community's is 63 per cent, and the United States' is 68 per cent. So we have the economy of Japan producing structural surpluses and, therefore, structural underconsumption. There is no sign of an abatement of this trend.

Does the Government of Canada have any concerns with respect to these numbers? Can the Leader of the Government say whether the Prime Minister and President Bush have discussed these matters, and whether, in preparation for the forthcoming G-7 meeting, the Minister of Finance may be developing a policy? The obvious policy, I would suggest, is a second Plaza Accord.

I wonder whether the minister could discover any answers to those four questions.

Hon. Lowell Murray (Leader of the Government): Honourable senators, I would not like to extemporize on a matter of this importance. I will ask my colleagues, Mr. Mazankowski and Mr. Wilson, whether they would like to prepare some notes for the benefit of the honourable senator and other colleagues on the question.

SCIENCE AND TECHNOLOGY

KAON PROJECT—FOREIGN FUNDING—GOVERNMENT POLICY

Hon. Jack Austin: Honourable senators, I have a question regarding a favourite subject of mine, and indeed of Senator Carney's, and that is the KAON project in British Columbia. Both Senator Carney and I, and I hope I am not misquoting her, would like to see that project established in British Columbia on a fair and equitable basis.

Fortunately or unfortunately, depending on your point of view, and at the moment I am neutral, the government, in the person of Mr. Winegard, the Minister for Science, is being accused by the science community in British Columbia of trying to destroy the project by seeking one-third of the operating costs from foreign governments, apparently contrary to some federal-provincial agreement. I do not know the merits of these arguments, but I hear a lot of argument.

Could the minister make a statement to this house tomorrow morning bringing us up to date with respect to the federal government's position? What is the government prepared to do with respect to KAON? What does it expect the other stakeholders to do?

Hon. Lowell Murray (Leader of the Government): Honourable senators, I should like to do that and I will do that. We made a very firm proposal to the government of British Columbia some months ago. It was unambiguous and it was public. I will be glad to bring that to the attention of the Senate, as well as any comments my colleagues may have on the present state of play. What has changed in the interim is the position of the Government of British Columbia, which seems to be revisiting the understanding I thought we had with its predecessor.

Senator Austin: May I just add to that comment? If the Government of British Columbia is changing position, then I think there should be a clear statement on the record as to what it is doing.

DELAYED ANSWERS TO ORAL QUESTIONS

Hon. John Lynch-Staunton (Deputy Leader of the Government): I have two delayed answers to questions, one raised on May 7 by Senator Molgat regarding a proposed meeting between the Prime Minister and big city mayors, and one raised on May 13 by Senator Molgat regarding the composition of the Canadian delegation to the Earth Summit.

JUSTICE

SOCIAL UNREST—PROPOSED MEETING OF PRIME MINISTER WITH BIG CITY MAYORS AND FEDERATION OF MUNICIPALITIES

(*Response to question raised by Hon. Gildas L. Molgat on May 7, 1992*)

The Prime Minister has received an invitation from Mr. Tom Gosness, Mayor of London, Ontario to meet with the Big City Mayors of the Federation of Canadian Municipalities on a number of urban issues.

The invitation will be given early consideration.

THE ENVIRONMENT

EARTH SUMMIT IN RIO DE JANEIRO—COMPOSITION OF CANADIAN DELEGATION

(*Response to question raised by Hon. Gildas L. Molgat on May 13, 1992*)

In the House of Commons on May 19, 1992, motions were passed by unanimous consent allowing five members of the House of Commons Standing Committee on the Environment and five members of the House of Commons Standing Committee on Forestry and Fisheries to be sent to the United Nations Conference on Environment and Development in Rio de Janeiro from June 1 to June 12. Their expenses will be paid for through the budgets of each of the two standing committees. It has not yet been determined which Members of Parliament will be attending nor whether they will have delegate or observer status at the conference.

In addition, the government is sending an official delegation of ministers and official advisors. The details have yet to be finalized by the Prime Minister.

FOREIGN AFFAIRS

SIXTH REPORT OF COMMITTEE PRESENTED

Leave having been given to revert to Reports of Committees:

Hon. John B. Stewart, Chairman of the Standing Senate committee on Foreign Affairs, presented the following report:

THURSDAY, May 21, 1992

The Standing Senate Committee on Foreign Affairs has the honour to present its

SIXTH REPORT

Your Committee, which was authorized by the Senate on Tuesday, February 18, 1992, to hear evidence and to examine and report on matters relating to national security and defence and the future roles of Canada's armed forces, respectfully requests that it be empowered to adjourn from place to place outside Canada for the purpose of such study.

Pursuant to Section 2:07 of the *Procedural Guidelines for the Financial Operation of Senate Committees*, the budget submitted to the Standing Committee on Internal Economy, Budgets and Administration and the report thereon of that Committee are appended to this report.

Respectfully submitted,

JOHN B. STEWART
Chairman

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

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

COMPETITION ACT

BILL TO AMEND—THIRD READING

Hon. John Lynch-Staunton moved the third reading of Bill C-68, to amend the Competition Act (multi-level marketing plans and pyramid selling).

The Hon. the Speaker *pro tempore:* It is moved by the Honourable Senator Lynch-Staunton, seconded by the Honourable Senator Phillips, that this bill be read the third time now. Is it your pleasure to adopt the motion, honourable senators?

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, I have discussed this matter with the vice-chairman of the committee and I know it has been studied in detail in committee. We see no problems with the bill. We are prepared to support it now on third reading.

Motion agreed to and bill read third time and passed.

CORRECTIONS AND CONDITIONAL RELEASE BILL

SECOND READING—DEBATE ADJOURNED

Hon. Consiglio Di Nino moved second reading of Bill C-36, respecting corrections and the conditional release and detention of offenders and to establish the office of Correctional Investigator.

He said: Honourable senators, I am pleased to rise to introduce second reading of Bill C-36, respecting corrections and the conditional release and detention of offenders and to establish the office of Correctional Investigator.

Honourable senators, this bill is both important and complex. It is important because it deals at its core with the protection of Canadians. It deals with the rights of, and safeguards for, victims; it deals with the effective treatment and safe custody of offenders; and it deals with the safe release of offenders into the community under certain conditions.

For the first time, the mandate of the correctional system is set out in guiding statements of purpose and principles. Chief among those principles, honourable senators, is that "... the protection of society be the paramount consideration ..." in the corrections process and in making conditional release decisions.

As I have stated, this is a complex bill. It is necessarily complex because it deals with such a broad range of correctional matters in one modern piece of legislation. Bill C-36 will create a new Corrections and Conditional Release Act. Part I of this bill will replace the current Penitentiary Act; Part II will replace the current Parole Act; and Part III will create a legal framework for the office of the Correctional Investigator. Let me deal briefly with each of these areas.

The Penitentiary Act was first created in 1868. Since that time it has been amended from time to time, but it has never been comprehensively reviewed and modernized. Consequently, the current Act is somewhat of a patchwork and is anachronistic in some respects. In fails to fully account for many modern realities of correctional treatment, contemporary social conditions, and recent jurisprudence. The latter point is very important.

The Canadian Charter of Rights and Freedoms has changed, and continues to change, the Canadian legal landscape. It requires that the rights of all Canadians—including offenders—be respected. This does not mean that the rights enumerated in the Charter are unbounded. Indeed, the Charter states clearly that they may be restricted to the extent that those restrictions are, first, reasonable, and second, required by law. This bill sets out in law those reasonable restrictions.

Therefore while some have said that Part I of the proposed Act is concerned about the rights of offenders, it is more accurate to say that it is concerned about the legitimate limitation of those rights or, put another way, about the powers of the correctional system in relation to the care and custody of offenders.

Part I of the proposed Act deals primarily with the institutional part of corrections. It, together with the corresponding regulations, set out regimes for inmate discipline, searches of inmates, and seizure of contraband, urinalysis testing programs and the like. It also deals with escorted temporary absence programs, work release, health care and the exercise of religious expression.

Part I deals as well with the needs of victims and provides that certain information about offenders will be made available to them. Essential information will be provided automatically when it is requested, and other important information will be made available when the interests of the victim are judged to outweigh the offender's right to privacy. Victims have repeatedly and forcefully stated that information about the system and the offender that victimized them is one of the greatest and, too often, unfulfilled needs. This bill goes a long way towards remedying that situation.

I would like to step out of sequence for a moment, honourable senators, and say a few words about Part III of the proposed Act. It will create in law the office of the Correctional Investigator. This is not a new office. It has existed for 19 years, having been created using the Enquiries Act in what was meant to be only a temporary arrangement. Although this arrangement has worked well, there has been ongoing concern expressed by observers who fear that there is at least the appearance of insufficient independence for this important office.

The Correctional Investigator is, in effect, an ombudsman for inmate complaints. Through consultation with the Commissioner of Corrections and Chairman of the National Parole Board, he attempts to correct problems that are brought to his attention. By reporting to the Solicitor General, he can also recommend action when his consultative efforts fail to bring results. Ultimately, by traditionally having his annual report tabled in Parliament, he publicly discloses where problems have been corrected and where they continue to exist.

Bill C-36 will institutionalize the office of the Correctional Investigator. It will give it a permanence and protect its independence far better than present arrangements. Under the proposed Act the Correctional Investigator will be appointed for a fixed term. His reporting relationship to the minister, and through him to Parliament, will be made clear while his independence from control or interference by the minister will be protected in law. The Correctional Investigator will have his investigative powers set out in law. It will be clear that he has

sole discretion to make all decisions about what investigations he should undertake and what his findings and recommendations will be.

There was considerable discussion in the other place about bringing the Correctional Investigator under the direct authority of Parliament; and for Parliament and its committees to be able to compel him to disclose information in his possession. Such a proposition would be totally unacceptable to the government. It is absolutely essential that the Correctional Investigator be able to assure confidentiality if he or she is to be able to truly get to the bottom of complaints. In the correctional environment, the inadvertent disclosure of sensitive information can endanger safety. If confidentiality cannot be assured, crucial information often will simply not be provided.

Similarly, if the Correctional Investigator is to be effective, he and he alone must have the full discretion to determine what investigations to pursue—without interference from the minister or, indeed, even from Parliament. This bill will provide him with that independence and protection from interference.

Honourable senators, as I have already said, Part II of the proposed Act will replace the current Parole Act. It will deal with matters pertaining to the National Parole Board and various forms of conditional release: unescorted temporary absences, day parole, accelerated review, full parole and statutory release. It will also deal with the board's detention powers—sometimes termed "gating"—which were established in 1986 by Bill C-67.

In this part, two themes that are found throughout the bill are of particular importance.

Senator Hastings: Shame!

Senator Di Nino: I am sure that even my dear friend, Senator Hastings, will eventually be convinced that this is the correct way to go about things.

First, it must be stressed that all release decisions must be based on an assessment of the risk that such a release would pose to the community. Where the risk would be unacceptable, and could not be sufficiently reduced by the supervision of a parole officer and by placing conditions on the release, no release would be granted. In such a case the release would be denied even if there were strong rehabilitative objectives, because public protection, honourable senators, is the paramount consideration in such decisions.

A second important theme is that of differentiating more effectively between more serious and less serious offenders. While all crime is to be condemned, the Canadian public is particularly appalled by violent crime and especially by sexual crimes that involve violence or that are perpetrated on children. Concern is also growing with regard to those predatory drug offenders who ply their trade without regard for the harm inflicted on other more vulnerable members of the community. Honourable senators, these are some of society's worst scum.

Schedule I to the Parole Act now contains a list of violent offences, conviction for which can make an offender liable to be detained beyond his or her normal statutory release date. This schedule was recently expanded by Order in Council to include certain newly enacted sexual offences against children. At committee stage an amendment was adopted to include other sexual offences against children that could be psychologically damaging to the victim.

In addition, Schedule II to the proposed Act is new. It contains a list of serious drug offences, conviction for which can also make the offender liable to detention. Moreover, conviction for a Schedule I offence will exclude offenders from accelerated review, with which I will deal in a moment, and conviction for an offence on either schedule will require the Parole Board to approve all unescorted temporary absences.

For those offenders convicted of an offence on either schedule, parole eligibility may also be restricted. Upon sentencing, judges will have the option of setting the parole eligibility date either at one-third, as it is now, or at one-half of the sentence. Moreover, accelerated review will also be ruled out for offenders convicted under Schedule II. This feature will allow the judge, who will be in possession of all the facts, to establish the appropriate denunciatory impact of the sentence without lengthening the sentence overall for that purpose.

Eligibility for day parole will also be shortened under Bill C-36. Rather than beginning after only one-sixth of the sentence, as at present, day parole eligibility will begin only six months before full parole eligibility. This will allow adequate time to prepare for a release on full parole, which will be the only purpose for which day parole should be granted. Other forms of release for correctional programming purposes will be accommodated under temporary absence or work release programs.

Work release is a new form of release that will fall under the authority of the warden for periods of up to 60 days. It will allow programs to continue that are advantageous to both offenders and the community. Under supervision, individuals and groups will be able to perform forest fire-fighting, reforestation and similar work projects. For shorter periods of time, escorted or unescorted temporary absences will be available for community services, which might involve park maintenance, assisting at special olympiads, or assisting senior citizens. These forms of conditional release will not necessarily imply that offenders are being readied for full release, but only that their program of rehabilitation is being advanced.

Honourable senators may be aware that a review of the temporary absence program was recently conducted by a panel appointed by the Solicitor General. That review found the program to be valuable and confirms that its rate of success is high. In fact, during last year only 68 temporary absences out of 52,000 met with failure. However, as a result of that review, efforts to improve the program further are being undertaken in areas like better data collection, recordkeeping, and defining the purposes and types of escorts to be utilized.

All of the recommendations made by the panel with regard to Bill C-36 have been accepted; they were incorporated in the bill during committee stage in the other place. It was agreed there that the legitimate purposes of escorted and unescorted temporary absences should be medical, administrative, community service, family contact, personal development for rehabilitative purposes, and compassionate reasons.

Another innovation in Bill C-36 is that of accelerated review for full parole release. It will apply only to non-violent offenders who are in penitentiary for the first time. Offenders convicted of violent offences on Schedule I and serious drug offenders on Schedule II, who have had parole eligibility set at one-half by the court, will not be eligible. For the remainder, a streamlined process will ensure that their cases are considered prior to the date when they are first eligible to be released on full parole. It is estimated that about 40 per cent of this group will not be released because they will be found to pose a risk of committing a new violent offence. The others will be released at their first eligibility date.

Honourable senators, accelerated review does not represent such a major departure from the current situation. Right now this group is released at a fairly high rate, but, on average, it is four or five months after their first eligibility date. This delay reflects delays in the system that prepares these cases for consideration. The major change is that a slightly larger proportion of this group—about 60 per cent as opposed to 55 per cent—will be released a little earlier; they will be released four or five months sooner, on average.

It is important to note that this will not affect risk to the community. There is no reason to believe that releasing an offender four or five months earlier will increase the risk he or she represents. Indeed, research suggests that it will decrease that risk slightly. But by releasing this group earlier, under appropriate supervision and conditions, resources will be freed up to be redirected to the more serious offenders, who will spend longer portions of their sentence in prison under this bill. This strikes an important balance between the resources devoted to more and less serious offenders with the former being treated more stringently, consistent with public safety.

Finally, honourable senators, I would draw your attention to the fact that the needs of the victims are also well represented in Part II of Bill C-36. As in Part I, provisions are made for victims to receive information about the offender on the conditional release status, eligibility dates and decisions. This information will include the planned destination of the offender upon release so that victims may be able to decide if the release would have any direct impact on their lives.

Victims, like others, will also be able to obtain information by attending parole hearings in person. They will play no part in the proceedings and the Parole Board will have the final say in whether or not they are allowed to attend. But no longer, honourable senators, will offenders have the ability to veto such attendance.

In addition, provisions in this part will ensure that victims are able to place on the record, for the board's consideration, their views with regard to the prospective release of an offender. This will provide not only information but some opportunities to influence the outcome of the conditional release process.

● (1510)

I began by saying that this is both an important and complex bill. It covers a lot of ground. Much of it is highly technical. It deserves careful study which will reveal, I would submit, that it has benefited greatly from extensive public consultation and careful scrutiny in the other place. Over 1200 individuals were heard from during the consultations based on a discussion package entitled "Directions for Reform" released in 1990. The bill also benefited from the report of the Canadian Sentencing Commission in 1987 and the report of the Standing Parliamentary Committee on Justice and the Solicitor General which was called "Taking Responsibility".

During committee and report stage in the other place, 24 opposition amendments were agreed to, and I have already mentioned the work of the Temporary Absence Review Panel whose recommendations are also reflected in the bill we have before us.

Honourable senators, this is a balanced bill that incorprates ideas and suggestions from all of the discussions and consultations that have gone before. That is not to imply that there is complete consensus. It would be naive to believe that there could be full consensus given to the many competing and conflicting views that abound in the field of criminal justice. However, I would submit that Bill C-36 takes the best of what has been offered and the result is, therefore, all the more balanced and complete.

There was some suggestion in the other place that this bill should not proceed until the anticipated sentencing bill has been tabled by the Minister of Justice. The policy frameworks that underlie sentencing and correctional reform were developed in close collaboration and are well coordinated. Therefore, there is no reason to anticipate any conflict between the two initiatives. Should any conflict be perceived, there will be ample opportunity to deal with it when the sentencing package is before Parliament.

The anticipation of another legislative initiative is seldom an acceptable reason to delay proceeding with business before this chamber, nor is it now. I would therefore urge honourable senators to give this bill the thorough consideration it deserves and then, without undue delay, to give it their approval. Canadians have been waiting for the reforms contained in this bill for some time, and I believe the reforms should be put in place at the earliest opportunity.

Hon Earl A. Hastings: Honourable senators, I rise to adjourn the debate. Before doing so, I want to commend the Honourable Senator Di Nino for the comprehensive exposé he has given us this afternoon with respect to Bill C-36.

I would point out to him and to all honourable senators, however, that changing the name of an Act really does not institute much reform. Codifying procedures that have been used over the years into an act is not really reform. Changing day parole from one sixth to one third of a half is not really reform. Changing the name of "mandatory supervision", which has become unpopular with the public, to "statutory release" is not really reform. That really is what this bill is all about. It is a myth to suggest to the public that this bill contributes one iota to public protection. However, it is part and parcel of the rhetoric of the government, since Bill C-67 was introduced in 1986, that it wants to protect the public by keeping people in jail longer. That is what this bill will do.

In a subsequent presentation, I simply wish to follow that theme with honourable senators, that there is another method of protecting the public and it does not involve putting people in jail for longer periods of time. That is the road to which I would hope honourable senators would give serious consideration, and not that which has been followed in the United States. If it is part of the free trade agreement that we follow their lead with respect to corrections, and our only answer to increased violence in the streets is increased jails and increased populations in pententiaries, we will not solve the problem. That is the road this government and society seems to want us to follow.

It is popular and easy to follow that road; it is cheap. It is a little harder to explain the difficulties of rehabilitation and the way in which it has to proceed. There are significant failures and successes when you work with human beings. That is a hard road to follow. Putting more people in jail with legislation like this is a simple, cheap way to go and I would hope honourable senators would give serious thought, both in this chamber and in committee, to this bill when we come to consider it. With those remarks, I adjourn the debate.

On motion of Senator Hastings, debate adjourned.

COASTING TRADE BILL

SECOND READING—DEBATE CONCLUDED

On the Order:

> Resuming the debate on the motion of the Honourable Senator Rossiter, seconded by the Honourable Senator DeWare, for the second reading of Bill C-33, An Act respecting the use of foreign ships and non-duty paid ships in the coasting trade.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): I want to thank honourable senators for allowing me to stand this order yesterday so that I could have an opportunity to read what our colleague Senator Forrestall had to say. I am sorry he is not here, but I want to thank him at the outset for his very sincere presentation of the problems that this bill presents.

I have been involved partisan politics for many years and I know how difficult it is for a member to stand up and say things against what his group, in this case the government, is proposing. Senator Forrestall in this case is convinced that the bill needs improvement, and he made his case very clearly. I commend him for it.

There are some serious problems with this bill. All honourable senators, particularly those who have seaports in their regions, ought to consider very carefully the comments of Senator Forrestall. He, as he told us, is a seaman, so he has the experience of someone who has been in the business. He is not speaking as an outsider or someone who does not know what the shipping business is about. He served on the ships. Furthermore, he represents a region where shipping is still a major concern.

We ourselves have several concerns about the bill. I note that Senator Forrestall has stated that the fourth concern he raised will be the subject of an amendment, and he has served notice that he will move that amendment in committee. In any event, he is proposing an amendment, but I do not know exactly what it is at the moment.

We ourselves are preparing amendments now and it may be that some of them will be the same as Senator Forrestall's, but I do not know. We are convinced that this bill requires some improvement.

While I am, in principle, a free trader by nature, and also by virtue of the fact that I am a westerner, I think we have to be practical on many issues. On this issue we find that our American neighbours have very strict controls on shipping in their country. You simply cannot move very much of the American trade through ships other than on those with American bottoms. Here we have different rules and now we are proceeding to loosen those rules again. We have to look at the situation in light of what happens elsewhere and in the interests of Canada. I would not want us to have a protectionist system where others have open systems, but if others have closed systems and protectionism, we must take care of our interests. I do not think that this bill will accomplish that goal.

While I will not oppose the bill going to committee at this point, because I think we can improve it in committee, I certainly reserve our position on third reading pending the outcome of amendments in committee. For the time being, I am prepared to let the bill receive second reading.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

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

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

NATIONAL DEFENCE ACT

BILL TO AMEND—SECOND READING—DEBATE CONCLUDED

On the Order:

Resuming the debate on the motion of the Honourable Senator Phillips, seconded by the Honourable Senator Kinsella, for the second reading of Bill C-77, An Act to amend the National Defence Act.

Hon. Joan Neiman: Honourable senators, last week Senator Phillips gave us an excellent explanation of the rationale for the existence of a separate military code of service discipline to deal with infractions in the armed services. As you know, discipline is at the core of a well-trained and efficient military service, wherever its personnel may be serving, and it is, of course, important to deal with infractions immediately. We would not expect someone serving with our peacekeeping forces in Cyprus, for example, to be sent back to Canada for disciplinary proceedings.

I am sure that many senior members of our military, particularly those who have been involved with courts-martial, have realized for some time that some of the procedures did not meet the same standards of equality and fairness as those now practised in our civil and criminal courts. However, it took a judgment in the Supreme Court of Canada last February to point out certain serious deficiencies with respect to compliance with the Charter of Rights.

Bill C-77, which contains only 11 brief amendments, is intended to rectify those deficiencies. It certainly appears to ensure that the presiding or officiating officers in courts-martial will have more independence and that the service person being tried will have more protection.

All parties in the other place agreed that the amendments to the military code of service discipline contained in the National Defence Act were desirable and appeared to meet the objections of the Supreme Court of Canada. Senator Phillips has, of course, supported the government's proposals and I do also. However, the members in the other place heard only from the minister, the honourable Mary Collins, whose explanation, I must say, was very full and clear, before giving the bill second reading, passing it through the Committee of the Whole and giving it third reading.

Under those circumstances, I suggest that we take time in committee to consider the amendments a little more thoroughly. I would like to obtain more information from someone—perhaps from the office of the Judge Advocate General—with respect to some of the proposed amendments.

For example, amendment No. 8 provides that the public may be excluded during the whole or part of a trial, but it is not at all clear under what conditions this can be done or whether, in fact, the court-martial uses the same principles of exclusion as are now practised in our civil and criminal courts.

Also, amendment No. 9 provides that objections may be made before or during the trial in accordance with procedure prescribed in regulations. I would like to obtain a little more information about the regulations.

A member in the other place, a former senior officer in our armed forces, Mr. Fred Mifflin, also raised some important questions which I shall not repeat here but which were not answered at that time. He has supported the bill but he pointed out that there are serious anomalies and deficiencies in the military code which should be addressed at an early date.

For those reasons, I believe that we on this side would all agree to the speedy passage of this bill after it has been considered for a brief time in the Standing Senate Committee on Legal and Constitutional Affairs.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, I want to rise very briefly on one point about which I have some concern. On July 26, 1977, Canadians decided that capital punishment was to be abolished. However, I believe that military law still contains provision for capital punishment. We ought to look at that. This bill does not specifically deal with that question, but I presume that there will be people from the Department of National Defence appearing before us. I think that question ought to be asked.

My understanding—although I could be wrong—is that Canadian military law still has capital punishment on the books for such things as cowardice, treachery and desertion. Therefore that is a clear anomaly with the law of the land. If that is the case, I think it ought be looked into at the same time.

Hon. Orville H. Phillips: Honourable senators—

The Hon. the Acting Speaker: Honourable senators, I wish to inform the Senate that if the Honourable Senator Phillips speaks now, his speech will have the effect of closing the debate on the motion for second reading of this bill.

Senator Phillips: I wish to thank Senator Neiman for her remarks. If she desires that the bill be referred to committee, I will certainly do that after second reading.

With regard to the remarks of the honourable Senator Molgat, I can recall when I sat on that side, and one of the debates on capital punishment was going on, I mentioned the fact that capital punishment was retained in the armed forces. I was told by the government of the day that it was not important. I have since come to the conclusion that perhaps the government of the day was right, but since I have changed my mind, I would be glad to give him an opportunity to change his.

Senator Molgat: So I will have your support on the motion this time.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

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

On motion of Senator Phillips, bill referred to the Standing Senate Committee on Legal and Constitutional Affairs.

• (1540)

CANADA DEPOSIT INSURANCE CORPORATION ACT

BILL TO AMEND—REPORT OF COMMITTEE ON PRE-STUDY OF BILL C-48—DEBATE CONCLUDED

On the Order:

Resuming the debate on the consideration of the Fourteenth Report of the Standing Senate Committee on Banking, Trade and Commerce (Subject-matter of Bill C-48, An Act to amend the Canada Deposit Insurance Corporation Act and to amend other Acts in consequence thereof), presented in the Senate on 14th May, 1992.

Hon. Consiglio Di Nino: Honourable senators, on May 19, Senator Kirby enlarged the debate on Bill C-48, to amend the Canada Deposit Insurance Corporation Act. During his presentation, he touched on certain issues which may be the subject of future revisions to CDIC legislation which is anticipated in the near future.

For some 36 years prior to last summer, I was employed in and latterly had ownership in the financial services industry, specifically deposit-taking institutions. Except for the first eight and a half years when I was employed by a major Schedule A bank, my experience in the industry has all been with medium to small sized trust companies.

During this time, I witnessed the failure of a number of banks and trust companies and the arranged shotgun weddings of other weakened institutions. It is my opinion that all of the problems faced by these institutions can be attributed to bad or incompetent management and/or greed. In some instances, greed developed into fraud. Other factors which contributed to industry problems were inadequate legislation and regulatory incompetence. The problems and subsequent losses suffered by the industry have cost Canadian taxpayers a great deal of money.

As a reaction, some regulators, some legislators, members of the public, and the major larger deposit-taking institutions have embarked on a campaign to change the legislation and regulations which may result in the disappearance of the small financial institution. Suggestions such as risk-related CDIC premiums, co-insurance schemes, excessive regulatory reporting, excessive capital requirements, and regulatory involvement—which I call interference—in the day-to-day management of financial institutions are some of the ideas floating around.

Let me hasten to clearly state that the principal responsibility of a deposit-taking institution is to keep safe customers' deposits. As a matter of fact, I have recorded my opinion on numerous occasions in the past that the primary responsibility of the boards of directors of these institutions is to the depositor, and way before the need to make a profit for the shareholder. I also claim and have proven that both objectives can be accomplished simultaneously.

Honourable senators, the backbone of the free enterprise system is small business, and we as legislators must safeguard their rights. Small business does not have the resources to retain the services of consultants, lobbyists and others to support their views, and the financial services industry is no different. Because of my experience in that industry, I intend at every opportunity to take on the cause of the smaller companies.

Over the past several years we have seen improvements in legislation, much better qualified and competent regulators, and rules that make corporate governance much more responsible. I wish I could say we have discovered ways of curing greed and bad management. Obviously we have not, and I suspect we never will. However, we put into place and will continue to improve tools such as Bill C-48, which are needed by those responsible to better protect public interests.

My concern, honourable senators, is that we are beginning to equate "big" with "safe" and "strong", rewarding brawn instead of brains. I need not remind my honourable colleagues that some very serious problems have come from our biggest institutions which have been supported by taxpayers dollars, and yes, even in the financial services industry. Canada will not allow a major financial institution to fail, regardless of the seriousness of the problem. The fallout could be fatal to the country. This, of course, places smaller institutions at a disadvantage. That is the reality.

In conclusion, I wish to thank my honourable colleagues for allowing me to put on record my opinions and to take the opportunity to remind you to be advocates and supporters of Canada's small business community.

The Hon. the Acting Speaker: If no other senator wishes to speak, this order is considered debated.

[*Translation*]

RAILWAYS

PROPOSED SALE OF RAIL LINES—DEBATE CONTINUED

Resuming the debate on the inquiry of the Honourable Senator Graham, calling the attention of the Senate to th eramifications of the sale or proposed sale of certain rail lines in Canada—(*Honourable Senator Corbin*).

Hon. Eymard G. Corbin: Honourable senators, this inquiry has not been debated for 13 sitting days. I rise to say, quite frankly, that I will make a few short comments today because I want to keep this inquiry alive.

Under the new rule adopted by the majority, we are faced with a new procedure that drops an inquiry if it has not been debated for 15 sitting days.

When I sit down, my comments today will have had the effect of reinstating this motion for the next 15 sitting days of the Senate.

I make no bones about it. I am doing this to keep the inquiry alive. Why? Because things are happening and decisions are being made in this country that will have a long-term impact on our national transportation policy. In fact, the National Transportation Agency is reviewing its enabling legislation as well as the general policy.

The main reason why Senator Graham presented this inquiry was the proposed sale to U.S. interests of part of the CN main line, more specifically, the Truro-Sydney line.

I think that Senator Graham, and myself, for that matter, would still have intervened if the proposal had been to restrict the sale to Canadian interests. It seems that Canadian buyers could not be found and that the CN identified three potential buyers from the United States.

It is sad that our national railway system is in such a situation. I find it incredible that we could not get the interest of individuals, businessmen, that is potential buyers, here in Canada. I understand that the policy of the current government is to open the door wide to all American interests that want to operate in Canada. I think we somewhat lose our sense of self-respect when we are willing to give up major components of our national transportation system to foreign interests.

I think that could be enough to bring back to life great Canadians who, in the last century, did everything they could to create this national railway system. It is really sad that we find ourselves in these circumstances today.

Honourable senators know that the Senate Committee on Transport has before it for several months now a question which is precisely related to the sale of this Truro-Sydney branch line to American interests. It has been said, and with good reasons I believe, that this was a first attempt to see how we could proceed in the future to sell other major components of the national railway system.

Should this first attempt succeed, some of us believe that tomorrow we would sell parts of the system in Quebec, in Ontario or elsewhere. A small branch line in Ontario has already been sold to Americans, and so has an other one in Alberta, but to Canadian interests in that case. In the long term, this gradual carve up of our system will undoubtedly lead to its disappearance.

I really think we went too far. I was rather sad to find out that the CN executives who appeared before the committee were of the opinion that it was a good thing. I wonder where is their national spirit, their pride of being Canadian.

When you think that, after all, the CN was built at a high cost by several generations of Canadian taxpayers, to see high-ranking employees of the company itself in favour of that type of transfer of our national interests to the Americans makes me wonder what is happening to our pride as Canadians.

What we are witnessing here today is the dismantlement of an important communications network. Our country has not yet gotten over the shock of the nationalism expressed not only in Eastern Canada and in Quebec but also in the western provinces and there we are opening our doors wide to our neighbours from the south, allowing them to do almost as they please in Canada.

I feel we should start thinking seriously about what is happening in our country as we approach the 125th birthday of Confederation.

This is why I stand today and address this House so that this inquiry remains in the orders of the day because we wish, we hope that soon the Transport Committee will be in a position to table its study report on sale to American interests of the Truro-Sydney trunk and that when the honourable senators see the details of that transaction, the reasons behind it, they will probably want to stand and participate in the debate on inquiry nº 17. I thank you, honourable senators.

On motion of Senator Corbin, the debate is adjourned.

The Senate adjourned until Friday, May 22, 1992 at 9 a.m.

THE SENATE

Friday, May 22, 1992

The Senate met at 9 a.m., the Speaker *pro tempore* in the Chair.

Prayers.

SENATORS' STATEMENTS

GENERAL ELECTION

NUMBER OF DAYS LEFT IN CURRENT TERM

Hon. Royce Frith (Leader of the Opposition): Honourable senators, we do not usually hear Big Ben chime on Fridays. Though it does chime every day, we just do not get a chance to put it on the record every day. So the days for the democrats between now and election are 183, and for what Senator Murray describes as the "cowardly and contemptuous of democracy" ones, 569 days. There is just no justice that they should get that extra time.

RACISM AMONG YOUTH

Hon. Noel A. Kinsella: Honourable senators, there is another clock ticking across the land, of perhaps greater importance in the hearts and minds of minority youth. We have witnessed in the past few days the unfortunate incidents in Toronto. Last summer, we had them in Halifax. We have had them in Vancouver and in Montreal. It seems to me that the time is here, and indeed it is urgent, for that ticking clock which is attached to the time bomb of racism to be addressed in creative ways. It seems to me that the time is right for a grand coalition of public and private sector participants, of individuals and groups, of educators and industry, to turn our attention to the eradication of racism in all its forms.

It is important for us to be solid on our principles. Principle No. 1 is indeed the inherent dignity and worth of every Canadian. Principle No. 2 is respect for the rule of law. I shall return to this topic at a later time.

THE ECONOMY

RELATION OF LOW EMPLOYMENT TO SOCIAL UNREST

Hon. Jack Austin: Honourable senators, may I pick up where Senator Kinsella has left off? It is as Jean Chrétien has said, "wake-up-call time". The issue that Senator Kinsella has addressed is a most serious one in our country. Critical to it is the state of our economy, the opportunity for people in all places in our society to have employment and careers that give them enhanced wealth, and the opportunity for better quality of life conditions and economic conditions.

Unfortunately, our economic situation today is not conducive to the release of those pressures in a positive growth form. In April our economy lost 57,000 jobs. These are jobs largely in the adult population. It was the sixth straight month of declining employment in Canada. Since October, 1991, 193,000 jobs have been lost in Canada, or 1.6 per cent of total jobs. This is clearly a sign of structural change in our economy.

An excellent commentary on our economic situation appears in the *Financial Post* of May 9-11. Lloyd Atkinson, the chief economist of the Bank of Montreal, is quoted as follows:

> Whether you call it a recession or not, there's no question the second quarter is starting off as a dog. It's not going to be until the second half of the year that we've got a recovery under way. That's why we're going to get further and further reductions in interest rates and the C$. In the absence of further stimulus, you do run the risk of turning rapid disinflation into deflation.

That is the end of the quotation.

Warren Jestin, the Bank of Nova Scotia's chief economist, said:

> We're not only in a decline, but the pace of decline is accelerating.

Mr. Jestin also stated:

> These numbers are of considerable concern to the Bank of Canada. We need something to kickstart the economy and we can't rely on the U.S. economy and we can't get any fiscal stimulus because the cupboard is bare, so monetary policy is the only game in town . . ..

Of course there is very little room in that game for managing the economy or stimulating the economy.

These remarks are caused by the defence by the government side yesterday of its policy on controlling interest rates. Controlling interest rates is only one part of governance. What we are seeing, as Senator Kinsella has so ably noted, are social strains and pressures in our society caused by the way in which our economy is performing. I have said in this chamber before that the government should pay attention to the need for stimulus in critical parts of our economy. If the government continues to ignore that proposal, the strains in our social fabric will continue.

SPECIAL ECONOMIC MEASURES BILL

REPORT OF COMMITTEE

Hon. John B. Stewart, Chairman of the Standing Senate Committee on Foreign Affairs, presented the following report:

Friday, May 22, 1992

The Standing Senate Committee on Foreign Affairs has the honour to present its

SEVENTH REPORT

Your Committee, to which was referred the Bill C-53, An Act to provide for the imposition of special economic measures, has, in obedience to the Order of Reference of Thursday, May 14, 1992, examined the said Bill and now reports the same without amendment.

Respectfully submitted,

JOHN B. STEWART
Chairman

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

On motion of Senator Lynch-Staunton, bill placed on the Orders of the Day for third reading at the next sitting of the Senate.

ADJOURNMENT

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding rule 59(1)(*h*), I move:

That when the Senate adjourns today, it do stand adjourned until Monday, June 1st, 1992, at 8 o'clock in the evening.

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

Hon. Senators: Agreed.

Motion agreed to.

AIRPORT TRANSFER (MISCELLANEOUS MATTERS) ACT

BILL TO AMEND—FIRST READING

Hon. Lowell Murray (Leader of the Government) presented Bill S-11, to amend the Airport Transfer (Miscellaneous Matters) Act.

Bill read first time.

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

● (0910)

Hon. Lowell Murray (Leader of the Government): On Monday, June 1, honourable senators.

[Senator Austin.]

I may say this bill is another legislative tranche in establishing the regime for the local airport authorities. It affects the tax regime governing these authorities. It also contains provisions relating to official language questions. Essentially, the bill would put into law the commitments that were made by the Minister of Transport regarding the applicability of Parts 5 and 6 of the Official Languages Act at certain airports in Canada.

On motion of Senator Murray, bill placed on the Orders of the Day for second reading on Monday, June 1, 1992.

[*Translation*]

GOODS AND SERVICES TAX

PRESENTATION OF PETITIONS

Hon. Jacques Hébert: Honourable senators, I have the honour to present petitions signed by 100 citizens of New Brunswick who oppose the goods and services tax.

These petitions come mainly from Fredericton and Saint John.

Honourable senators, I have the honour to present petitions signed by 56 citizens of New Brunswick who oppose the goods and services tax.

These petitions come mainly from Saint John and Hampton.

Finally, I have the honour to present petitions signed by 100 citizens of New Brunswick who oppose the goods and services tax.

These petitions come mainly from Fredericton and Hampton.

That makes a grand total of 256 fellow citizens of Senator Simard (who is not here this morning!), in addition to the tens of thousands of other New Brunswickers who have already submitted petitions expressing their total and utter disagreement with the GST, especially as it applies to books and periodicals.

When he returns to his province, Senator Simard must feel rather lonely!

QUESTION PERIOD

[*English*]

JUSTICE

SOCIAL UNREST—PROPOSED MEETING OF PRIME MINISTER WITH BIG CITY MAYORS AND FEDERATION OF MUNICIPALITIES

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, my question is to the Leader of the Government. I was going to let this go for a few days to see if I got a further answer, but Senator Kinsella's comments

this morning prompt me to ask the question again. I am referring to the question I asked on May 7, shortly after the advent of the serious problems in Toronto.

A question had been asked in the House of Commons by the Leader of the Opposition asking the Prime Minister if he would meet with the mayors of the big cities. The Prime Minister at that point replied as follows:

> Mr. Speaker, I will be happy to meet with anyone at any time if it might be helpful in dealing with a given problem.

He repeated:

> Sure, I would be happy to meet with whomever at any point in time if that would be helpful . . .

He then proceeded to say that he had received no request from the mayors. These remarks were made in the House of Commons on May 6.

On the following day, May 7, I asked whether the Prime Minister was prepared to meet with the mayors, and indicated that there was an official request from the mayor of the City of London speaking on behalf of the mayors. The minister told me he would check into the matter and find out. Yesterday, he tabled a written reply to my question, acknowledging that the letter had been received from the mayor of London, which states in part, "The invitation will be given early consideration."

Senators Kinsella and Austin pointed out clearly this morning the problems that we are having in this country. The answer that we received on May 22 concerning an event that occurred in early May is that it will be given early consideration. This is after statements made by the Prime Minister to the effect that he would be prepared to meet with anyone at any time.

Surely that is not satisfactory. Is the minister able to give us a better answer? Can he put some pressure on the Prime Minister to follow up on what he said he would do?

Hon. Lowell Murray (Leader of the Government): Honourable senators, there is nothing that I can add today to the replies that I gave on previous occasions to this question, in particular to the reply tabled yesterday by my friend, the Deputy Leader of the Government.

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

TWENTY-FIFTH REPORT OF COMMITTEE ADOPTED

The Senate proceeded to consideration of the Twenty-Fifth Report of the Standing Committee on Internal Economy, Budgets and Administration (budget—Agriculture and Forestry), presented in the Senate on 21st May, 1992.

Hon. Romeo LeBlanc (Beauséjour): Honourable senators, on behalf of the Honourable Senator Lavoie-Roux, I move the adoption of this report.

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

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, as this budget provides some money for senators to travel to the Rio conference, I should like to ask the chairman of the committee whether they are proceeding with their idea of sending a senator to the conference. Is that on the cards?

Can the Leader of the Government now tell us what the situation is with regard to the whole delegation going to this conference? Will there be senators included in the delegation, or will there be just one senator from the Standing Senate Committee on Agriculture and Forestry?

Hon. Lowell Murray (Leader of the Government): Honourable senators, I indicated yesterday that in the House of Commons various standing committees had decided within their budgets to send committee members—whether as delegates or observers, I am not certain—to the Rio conference. In addition, there is of course an official delegation consisting, as I have been informed, of ministers and others.

As I told the honourable senator yesterday, I do not know whether there will be parliamentarians other than ministers on that delegation. I have caused an inquiry to go forward on that matter and I hope to have the information when it is available.

It was indicated to me yesterday that the final details regarding the official delegation had not yet been settled.

Hon. Dan Hays: Honourable senators, for purposes of clarification, because the Standing Senate Committee on Energy, the Environment and Natural Resources has had an interest in this matter, I inquired into the question of participating in the conference. The advice I received was to the effect that the attendees are there as part of government delegations only. So it is the government's decision as to whether or not it wishes to take part in a Parliamentary delegation, or a congressional delegation, as the president of the United States is doing. So it is not possible for committees, such as the House environment committee or the House fisheries committee, to budget and go on their own to the conference. They can only go as part of a government delegation. I wonder if the minister could clarify whether that is the case.

Senator Murray: That is not the information that was given to me as recently as a day or two ago. My clear impression is that several House committees in the other place had decided to go and that, indeed, a motion was passed through the House by unanimous consent to send delegates to the Rio conference—I know not who or how many will be going. My notes indicated that the only matter that remained to be settled with respect to those Parliamentarians was whether they would be going as delegates or whether they would have observer status. That apparently had not been settled.

The second piece of information I received, according to my notes, was that the official delegation would consist of ministers and some others, but that the final decisions on that had not been taken by the Prime Minister.

Hon. Colin Kenny: Just to clarify this a bit, the delegation can attend a separate conference for Parliamentarians to which Parliamentarians from all countries are invited by Mr. Strong. But that is, if you will, a sideshow, not part of the Canadian delegation. Individual Parliamentarians can go simply by presenting themselves there.

Senator Murray: I thank the honourable senator for that information.

Hon. Earl A. Hastings: I wonder if the Chairman of the Agriculture and Forestry Committee could indicate to the Senate exactly what category or under what status the delegate from his committee is going? Has the committee received an invitation, or will the delegate go on his own as an observer? Exactly what status does this proposed delegate have?

Hon. Efstathios William Barootes: Thank you, honourable senators. My information is a little mixed between what we have just heard. I understand there will be an official Canadian delegation which will be limited to 60 people or 70 people—one of those figures, I do not know which.

Senator Frith: A government delegation?

Senator Barootes: It is an official Canadian delegation which will be headed by the Prime Minister. I understood that observers would not be permitted. The reason given for that is that there are 2,500 to 3,000 people gathered and that is the limit they can accommodate. As for what Senator Kenny mentioned, I had not heard that.

As for the agriculture committee, what is our position? The agriculture committee has written to the person who is to head up the delegation. We have asked if a member from our committee could attend that meeting as part of the Canadian delegation and have indicated that we would be prepared to, in part or in whole, defray the expenses of that person, should that senator be chosen. I might add that I had a few little remarks of encouragement as to the importance of our attendance and the great qualifications of the person whom we were recommending.

Senator Frith: Was that you?

Senator Barootes: That senator is very highly qualified to go down there. I was hoping they might select that person. On the other hand, the reason we used "partly defrayed" was, I thought, if there were members from the environment committee going and our member was not chosen, then we would be pleased to participate in defraying, in part or in whole, the expenses. That is where we stand. We have heard no response.

Senator Molgat: Would Senator Spivak be going as a member of the official delegation to which Senator Murray refers, the government delegation headed by the Prime Minister?

[Senator Murray.]

Senator Barootes: I have heard from the Leader of the Government in the Senate that there is an official delegation and that the parliamentarians may be separate from that, which may tie in with what Senator Kenny has just said. So perhaps those 12 nominal, or ethereal, parliamentarians will not be part of the official delegation but will be attending Mr. Strong's "side show".

Senator Frith: I was intrigued by the use of the passive tense "should that senator be chosen". Who makes the choice?

Senator Barootes: I am sorry, I cannot answer that. Perhaps I should have said "might be chosen" or "could be chosen".

Senator Frith: By whom?

Senator Barootes: I cannot answer that.

Senator Frith: That is surely the central question to the whole business.

Motion agreed to and report adopted.

[*Translation*]

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

TWENTY-FIFTH REPORT OF COMMITTEE ADOPTED

The Senate proceeded to consideration of the twenty-fifth report of the Standing Senate Committee on Internal Economy, Budgets and Administration (Budget—Agriculture and Forestry), presented in the Senate on May 21, 1992.

Hon. Roméo LeBlanc (Beauséjour): Honourable senators, I move the adoption of this report. I hope that it will be adopted more quickly than the one we just adopted.

On motion of Senator LeBlanc (Beauséjour), report adopted.

[*English*]

FOREIGN AFFAIRS

SIXTH REPORT OF COMMITTEE ADOPTED

The Senate proceeded to consideration of the sixth report of the Standing Senate Committee on Foreign Affairs (Budget—National Defence), presented in the Senate on May 21, 1992.

Hon John B. Stewart: Honourable senators, I move that this reported be adopted.

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

Motion agreed to and report adopted.

NATIONAL PUBLIC SERVICE WEEK BILL

THIRD READING

Hon. Royce Frith (Leader of the Opposition) moved the third reading of Bill C-328, respecting National Public Service Week: Serving Canadians Better.

Motion agreed to and bill read third time and passed.

PRIVATE BILL

GREEN SHIELD CANADA PREPAID SERVICES ASSOCIATION—SECOND READING

Hon. Richard J. Doyle moved the second reading of Bill S-10, to incorporate the Green Shield Canada Prepaid Services Association.

He said: Honourable Senator Norman Atkins is the father of Bill S-10 and it was through his good offices that a petition was received this week that will provide for national development of an enterprise that has, for nearly half a century, been identified with the good health of the great province of Ontario.

The words "good health" are appropriate. Bill S-10 would facilitate incorporation of the Green Shield Canada Prepaid Services Association to provide prepayment health plans, legal services and social services benefits throughout Canada.

First, a word or two about Green Shield Prepaid Services Inc., a name already familiar well beyond its home province where it established the first prepaid prescription drug plan in North America.

Green Shield was the child of necessity. It was born in Windsor, Ontario, at a time when the high cost of prescription drugs forced the closing, in a five-year period of the fifties, of one in every three of the district's drug stores. There was nothing miraculous, in that time of miracle drugs, about miracle drugs that people could not afford.

How about an organization that would provide group access to costly but necessary medicines in a scheme that would rescue the service provided by pharmacists? The idea grew to reality in the rear of a Windsor pharmacy. Green Shield is now one of the country's largest providers and administrators of health medicine plans. More than half a million Canadians participate in programs operated or administered by the organization launched by William Wilkinson and four other founders who looked to prepaid hospital plans for an example of how their system might work. In Ontario today, 85 per cent of the population is protected by this kind of plan.

In fact, many of Green Shield subscribers live and work beyond the province of Ontario. Green Shield serves much of the Canadian automobile industry. Indeed, it is this national exposure that has prompted requests for the kind of extended service that will permit Green Shield to remain a viable and competitive service in the not-for-profit field of the nineties.

What we are dealing with here today is special legislation to provide for its federal incorporation. If this organization were a business corporation, there are existing rules which would allow it, through relatively simple administrative procedures and the payment of a fee, to transfer its legal jurisdiction from any province, in this case Ontario, to federal jurisdiction. No such provision exists with respect to corporations without share capital.

This oversight is no one's fault. For lack of demand, or perhaps because entities like Green Shield are relatively rare, mechanisms for transfer to jurisdiction of not-for-profit corporations without share capital were never contemplated. Simply put, our statutes have, until this day, not anticipated the need of federal establishment of such organizations.

Green Shield Prepaid Services Inc. is a not-for-profit corporation without share capital, incorporated in Ontario and licensed under the Prepaid Hospital and Medical Services Act (Ontario) and the Insurance Act of British Columbia. Its mission statement says it "works continually to better its efforts, and in an innovative way, broaden the availability of its service to the public."

As Senator Atkins reminds me, in sending this bill on to committee, we will be again demonstrating one of those special functions that this House performs well, but which it is seldom given the credit for.

Honourable senators, I move that this bill be given second reading, and that, thereafter, it be referred to the Standing Senate Committee on Banking, Trade and Commerce.

Some Hon. Senators: Hear, hear!

Hon. Royce Frith (Leader of the Opposition): Honourable senators, I am pleased to support Senator Doyle's motion for second reading of this bill, and if it does receive second reading, we will support his suggestion that it go to committee.

I should say that this is a non-partisan matter, as most matters in this House are. I want to underline, especially in this case, that I am speaking as an Ontario senator rather than as Leader of the Opposition.

As Senator Doyle explained, the purpose of the legislation is to allow Green Shield Prepaid Services Association to transfer its jurisdiction from Ontario to Canada. Its new name will be Green Shield Canada Prepaid Services Association.

As Senator Doyle pointed out, Green Shield is a not-for-profit association—that is, profit is not its purpose. With no share capital, it is not a simple matter for such an entity to incorporate federally. That is not to say that it is impossible for any no-share-capital organization to incorporate nationally. I have incorporated such associations.

Under the Canada Business Corporations Act, entities that wish to incorporate must have share capital. Green Shield Prepaid Services Association has no share capital, because it has no shares or shareholders.

The general scheme for corporations without share capital is that you try to structure them generally in the way in which a

corporation with share capital would be structured. The members of the association are like the shareholders, but since they have no equity, they receive no dividends. So, unlike a business corporation, its purpose is not the pursuit of profit for its shareholders.

When we turn to the Ontario Business Corporations Act, we see that it also requires share capital in order to incorporate.

In Ontario, Green Shield was incorporated under Part III of the Ontario Corporations Act—not Business Corporations Act—and is registered or licensed under the Prepaid Hospital and Medical Services Act.

As Senator Doyle pointed out, because of a defect in the Canada Corporations Act—not the Canada Business Corporations Act—Green Shield cannot be continued—which is a word that lawyers use—federally. Furthermore, if it did try to incorporate under Part II of the Canada Corporations Act, the statute which deals with the incorporation of not-for-profit associations without share capital, it could not register or license federally to carry on prepayment plans because there is no federal statute equivalent to the Prepaid Hospital and Medical Services Act. So here it is in Ontario, operating—as it must operate—with some regulation under the Prepaid Hospital and Medical Services Act, and incorporated under the Ontario Corporations Ac. It decides that it wants to operate at the federal level, and while it might be incorporated there, it could not be incorporated in a way—as it has in Ontario—that would enable it to be registered and regulated. It could not proceed with its main purpose, which is not, as with the business corporation, simply to make a profit.

The remedy, therefore, is the remedy that is before us; namely, incorporation through a separate act of Parliament, and then licensing—being its other problem—through the Insurance Companies Act. This is what is provided for in Bill S-10. I have been assured that this approach has been taken only after extensive consultations with the Ministry of Finance and the Office of the Superintendent of Financial Institutions.

Senator Doyle mentioned that Green Shield introduced the first North American prepaid prescription drug program in the 1950s. Since then, it has extended its coverage from pharmaceuticals to dental, legal and other services, and covers workers in most Canadian provinces. That is important.

Though it contracts with employers headquartered in Ontario—remember, it is incorporated and registered to do business in Ontario—employees who may reside and work outside of Ontario are nevertheless covered by their employer's plan with Green Shield. By incorporating federally, Green Shield will be able to contract with companies that are headquartered outside of Ontario, and with individuals who reside outside of Ontario. That is, if I understand it, the underlying purpose of Bill S-10.

Turning to the bill itself, subclause 4(1) reads:

[Senator Frith.]

> The objects of the Association are to provide, operate and administer prepayment plans throughout Canada.

Then the expression "prepayment plan", as defined earlier in the bill, refers to "the prepayment of the costs of specified services." The term "specified services" is itself defined as follows:

> . . .such social, health, dental, legal, pharmaceutical or other services as are specified in a prepayment plan.

So these are the endeavours that Green Shield is interested in pursuing nationally.

Subclause 4(2) of the bill reads:

> The Association shall carry out its objects as a non-profit organization and for socially beneficial purposes, without purpose of gain for its members, and any profits or other accretions to the Association shall, subject to section 10, be used in promoting its objects.

It is important to underline that point, because we do not want anyone to have the impression that this incorporation is in any way changing the basic structure of the association and turning it into a business corporation or a profit-seeking corporation.

We then have a non-profit organization, which will operate prepayment plans for "socially beneficial purposes". If there are any profits, they will be funneled back into the promotion of its objects; namely, the operation and administration of prepayment plans throughout Canada. If they wish to get into other business activities or operate prepayment plans other than those concerning health, dental, legal or pharmaceutical services, subclauses 7(2) and 7(3) require the consent of the Minister of Finance.

Clause 8 provides that if the directors wish to wind down the company by transferring its prepayment plans to another entity or by selling all or substantially all of its assets, again, approval must be obtained from its members and the Minister of Finance. If the association is dissolved or wound up, an obvious question is then: What happens to the assets? After all, there are no shareholders.

Subclause 10(2) provides that following the payment of all obligations, the balance is distributed not to the members of the association, but "to such charitable or non-profit corporations as are designated for that purpose in the bylaws." Where there is no designated recipient, subclause 10(3) provides that the Green Shield Foundation—underline the word "Foundation"—will receive the remaining assets. We are talking here about an association and also about a foundation —that is, we have to remember the distinction between the two.

● (0950)

This non-profit foundation, incorporated under Part III of the Corporations Act of Ontario in the 1970s, is not now an active corporation. It was established in order to prevent a recurrence of the Windsor Medical Services incident whereby, with the introduction of the Ontario Health Insurance Plan in

1969, Windsor Medical Services was wound up and, following lengthy litigation, its surplus was distributed—that is, the part that had not already been distributed to the lawyers—to the doctors who were members of the corporation. Those are both worthy causes—that is, the lawyers and the doctors.

Hon. Efstathios William Barootes: There would not be much left over after the lawyers got their share. It would be peanuts!

Senator Frith: Apparently there was quite a lot left over, although I understand perhaps Senator Barootes has recently been reading *Bleak House* by Dickens and the infamous Jarndyce and Jarndyce case which was the centre of that novel. But this was not an example of Jarndyce and Jarndyce. I emphasize that aspect because part of the purpose of this bill is to avoid the problem and the undesirable result that occurred in the Windsor Medical Services case.

Nothing like that would happen here if this bill is passed. If Green Shield Canada Prepaid Services Association were to wind up, the surplus would go to a non-profit entity and not to individual members. I also note that clauses 16 and 17 of the bill specify that the Winding-Up Act and the Insurance Companies Act apply to the association. In the case of an involuntary dissolution—in other words, being forced into bankruptcy—both statutes apply. Where there is a voluntary dissolution, for example where an offer is made by a corporation to its creditors for a scheme to dissolve, then only the Insurance Company Act applies. In either case, the Superintendent of Financial Institutions will play a leading role.

The Superintendent of Financial Institutions also has a role to play if the association wishes, from time to time, to distribute any surplus it has accumulated. Clause 10(1) of the bill provides:

> When the Association has, in the opinion of its directors, unappropriated surplus in excess of the requirements of the Association, it may, with the approval of the Superintendent, distribute all or part of the excess to such charitable or non-profit corporations as are designated therefor in the by-laws.

I assume that the charitable or non-profit corporation that would be the logical candidate for the surplus from the association is the Green Shield Foundation. As for the Superintendent of Financial Institutions, his role would be limited to ensuring that the distribution of the surplus would not endanger the continued viability of Green Shield Canada Prepaid Services Association. The superintendent would not be concerned with where that surplus went as long as its distribution was not imprudent.

There are certain advantages in activating the Green Shield Foundation. As I mentioned earlier, it is not now active. That is why I use the verb "activating" when I say, "There are certain advantages in activating the Green Shield Foundation." The association is limited as to the type of activities it may pursue, and we have already outlined them. If it wishes to step outside its authorized activities, the permission of the Superintendent of Financial Institutions must be obtained.

The Green Shield Foundation, however, apparently has a greater range of permitted activities. Green Shield could launch initiatives through its foundation that it could not pursue through its association.

There is one aspect of the relationship between the association and the foundation that intrigues me. If Bill S-10 passes, we will have a federally incorporated association that eventually could be operating in every province and territory of the country. That is part of its objective. In other words, that is the object of Bill S-10.

The association receives payments from individuals and corporations in every region of the country, accumulates a surplus, which it then transfers to its foundation under subclause 10(1) of this bill, with the usual conditions that are referred to in that clause that I have referred to. The foundation then uses this surplus to fund a new scheme. The foundation, however, is incorporated in Ontario and, like the present-day association—that is, the one now in existence before this bill is passed—is limited in its dealings outside of that province. The end result is that the foundation launches a new scheme of benefit primarily to individuals and companies resident in Ontario, funded at least in part from the nation-wide operations of the association.

If the Foundation as well as the association were incorporated federally, I would not be raising the scenario that I have just portrayed. In any event, it is difficult to speculate about this without knowing more about the foundation. Perhaps I am pursuing this needlessly, certainly at the stage of second reading, because this is a question that would eminently be appropriate for consideration by the committee.

I suggest, honourable senators, that we give Bill S-10 second reading and refer it to committee, where this issue of accumulated surplus and any other questions that senators may have can be addressed directly by the representatives of Green Shield.

Motion agreed to and bill read the second time.

REFERRED TO COMMITTEE

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

On motion of Senator Doyle, bill referred to the Standing Senate Committee on Banking, Trade and Commerce.

SENATE REFORM

MOTION TO APPROVE THE PRINCIPLE OF AN ELECTED SENATE—CONSIDERATION IN COMMITTEE OF THE WHOLE CONTINUED

On the Order:

> The Senate again in Committee of the Whole on the motion of the Honourable Senator Molgat, seconded by the Honourable Senator Hébert:

> That the Senate of Canada agrees with the principle that the Senate be reformed, by making it an elected body with sufficient membership and power to effectively represent the people of Canada in all regions of our land.

Hon. Royce Frith (Leader of the Opposition): Honourable senators, there are a number of orders that we have that are suitable outlets or springboards for considering the constitutional question that occupies the attention of the country at the present time. Our role has to some extent been played, at least temporarily, while we await the proposal of the government —the government having delayed its proposal while it waited for Parliament to study the question through its joint committee. This order reads:

● (10:00)

> The Senate again in Committee of the Whole on the motion of Senator Molgat . . .
>
> That the Senate . . . be reformed, by making it an elected body with sufficient membership and power to effectively represent the people of Canada in all regions of our land.

I see that this order has the number 15 next to it, but it is one that we should keep active as an opening to deal with the ongoing constitutional drama in our country. There are other orders. There is Senator Beaudoin's motion concerning the report of his committee. The rules provide that we can keep some of these orders alive, if we so order. Moreover, there is the position that I have made previously, that the rule also says that if it is not dealt with in any way then it shall expire after 15 appearances. I hope that the Senate will keep this motion alive, as well as some of these other motions that give us an opportunity and a certain flexibility to deal with this ongoing development and drama about our Constitution.

Hon. Lowell Murray (Leader of the Government): Honourable senators, I have just a small mise au point as far as the government proposals are concerned. We tabled a set of proposals in September of last year which were then studied by the Beaudoin-Dobbie committee, which has now reported. In due course, following the multilateral process which Mr. Clark is leading now, the government would expect to bring forward a set of more detailed and, if I may say so, more definitive final proposals for amending the Constitution. These would probably be the subject of parliamentary debate, possibly in the sense of a house resolution in the other place and in the Senate, and eventually of course the formal amending resolution to amend the Constitution, as provided for in the amending formula.

So far as these opportunities for debate in the Senate are concerned, the Honourable the Leader of the Opposition is correct. Such orders give us an opportunity for debate, when honourable senators wish to take part in various aspects of the constitutional debate. My suggestion is that Senator Molgat or another senator reintroduce his motion at the appropriate time and we will set the clock running again on the Senate reform motion

The Hon. the Speaker *pro tempore:* Senator Molgat, is it your wish to reinstate your motion today?

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, unless I misread the rule, it is when a motion is not spoken to that it drops off. When a motion is spoken to does it not begin again at No. 1? I believe that is the process. The matter having been spoken to again today, I assume that when it appears on the Order Paper again it will automatically appear as No. 1.

Senator Murray: I am not sure we have established what we have agreed on in the interpretation of that rule so far, but I would want to be accommodating. If it drops off the Order Paper, the honourable senator can reintroduce it. If it does not drop off, the problem does not present itself.

Senator Molgat: I think we have an example on the scroll for today with the first inquiry, No. 17. It had reached 15 yesterday and Honourable Senator Corbin spoke on it. It reappears today with no number on it so I presume it is beginning the cycle again.

Senator Corbin: That is correct.

The Hon. the Speaker *pro tempore:* The chair is happy with what took place yesterday. Are you willing to continue with that formula?

Senator Molgat: What happened yesterday suits me on this motion as well.

Senator Lynch-Staunton: The important thing is to follow the rules.

(Consideration in Committee of the Whole deemed continued.)

The Senate adjourned until Monday, June 1, 1992, at 8 p.m.

THE SENATE

Monday, June 1, 1992

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

Prayers.

SENATORS' STATEMENTS

GENERAL ELECTION

NUMBER OF DAYS LEFT IN CURRENT TERM

Hon. Royce Frith (Leader of the Opposition): Honourable senators, we are into a new month—

Senator Doody: Bong, bong.

Senator Frith:—and Senator Doody is playing the role of Big Ben. I hope the record shows that bong. For Senator Murray's respecters of democracy, from now to election day is 173 days; but for those who are cowardly and contemptuous of democracy, 559 days remain.

[*Translation*]

THE HONOURABLE HARTLAND DE M. MOLSON

FELICITATIONS ON THE OCCASION OF HIS EIGHTY-FIFTH BIRTHDAY

Hon. Maurice Riel: Honourable senators, on May 29th 1992, one of our colleagues, Senator Molson, the dean of Quebec senators, turned 85 years old. On behalf of all Quebec senators, I would like to wish him a long and happy second youth.

ROUTINE PROCEEDINGS

[*English*]

NATIONAL DEFENCE ACT

BILL TO AMEND—REPORT OF COMMITTEE

Hon. Nathan Nurgitz, Chairman of the Standing Senate Committee on Legal and Constitutional Affairs, presented the following report:

MONDAY, June 1, 1992

The Standing Senate Committee on Legal and Constitutional Affairs, has the honour to present its

FOURTEENTH REPORT

Your Committee, to which was referred the Bill C-77, An Act to amend the National Defence Act, has, in obedience to the Order of Reference of Thursday, May 21, 1992, examined the said Bill and now reports the same without amendment.

Respectfully submitted,

NATHAN NURGITZ
Chairman

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

On motion of Senator Phillips, bill placed on the Orders of the Day for third reading at the next sitting of the Senate.

GOODS AND SERVICES TAX

PRESENTATION OF PETITIONS

Hon. Royce Frith (Leader of the Opposition): Honourable senators, I delayed presenting some of these petitions until Senator Simard was in the chamber, because he has always demonstrated a most attentive ear to the *vox populi*, and especially because some of these petitions are from various locations in his home province.

I have petitions against the GST in the same general form as previously presented to the Senate, asking for the repeal of this tax, which, as usual, is described in unflattering terms, and in some cases asking for the calling of an election.

The summary is as follows: Cities in New Brunswick are, Bas Caraquet, Evangeline—

Senator Simard: Those are the same petitions you presented two weeks ago. Have you had more meetings over the weekend or what?

Senator Frith: Senator Simard and his colleagues are demonstrating, as I said, an attentive ear to the voices of their own provinces and other parts of Canada. I invite Senator Simard to read the petitions—

Senator Simard: I will be reading them all.

Senator Frith: —as I know he is interested in what his constituents are saying, because he does represent the province of New Brunswick. I suggest he check them to see whether there is any repetition. In the meantime we know there is not, so he might want to hear Bas Caraquet, Evangeline, Lagaceville, Oak Point, Pokemouche, Pokesudie, Sheila—

Senator Simard: You have said those names twice today already.

Senator Frith: Yes, because you interrupted me. I thought your ability to hear might have been drowned out by your own voice, you see.

Shippigan, Tracadie, Village Blanchard. From Ontario: Kapuskasing, Rexdale, Scarborough and Thunder Bay. From

Quebec: Acton Vale, Beauport, Charlesbourg, Dollard-Des-Ormeaux, Jonquière, Lac-St-Charles, Laval-Des-Rapide, Lévis, Limoilou, Longueuil, Montreal, Quebec City, Rougemont, Roxton Falls, St. Amable—the exact attitude in which Senator Simard is listening to these, "aimablement"—St. Jules-de-Beauce, St. Lambert, St. Théodore d'Acton, St. Séverin, Ste. Foy, Ste. Thérèse, Tring-Jonction, Vanier.

Did I hear a call for more detail? You have come to the right place. From Quebec there were 57 petitions with 1191 names. That is from Senator Lynch-Staunton's home province. From New Brunswick; four petitions with 84 names and from Ontario seven petitions with 161 names—68 petitions totaling 1436 names of fellow and sister Canadians protesting the GST.

[*Translation*]

Hon. Jacques Hébert: Honourable senators, I can assure you that I have not consulted with the Leader of the Opposition in the Senate, senator Frith, but I also have a string of petitioners from the province of senator Simard. This is not a concerted move!

Senator Simard: We are so far but we participate nevertheless!

Senator Hébert: There, this is what I admire from the people of New Brunswick!

I therefore have the honour to present petitions signed by 99 citizens of New Brunswick who oppose the goods and services tax.

These petitions come mainly from Fredericton, St. John and Oromocto.

I also have the honour to present petitions signed by 50 citizens of New Brunswick who oppose the goods and services tax.

These petitions come mainly from Fredericton.

Again, I have petitions signed by 75 citizens of New Brunswick who oppose (guess what!) the goods and services tax.

These petitions come mainly from Fredericton.

In total, 224 citizens of New Brunswick cannot understand that a government has so little respect for culture and its privileged tool, books, that it does not hesitate to obstruct the communication of ideas.

Those 224 petitioners invoke the historical principle which, until Mulroney, prevented all previous Canadian governments from taxing books and magazines.

[Senator Frith.]

• (2010)

QUESTION PERIOD

[*English*]

GENERAL AGREEMENT ON TARIFFS AND TRADE

POSSIBLE ACCOMMODATION FOR CURRENT CANADIAN MARKETING SYSTEMS—GOVERNMENT POSITION

Hon. H. A. Olson: Honourable senators, can the Leader of the Government in the Senate provide us with any details on the very recent comments of Mr. Dunkel from the GATT? At an interntional farmers meeting held in Quebec City over this past weekend, he is reported to have said that they are at least prepared to study the prospect of finding some accommodation for the Canadian marketing systems which are now in place. Some people in Canada, including the president of the Dairy Farmers Council, seemed to take encouragement from this assertion by Mr. Dunkel.

Hon. Lowell Murray (Leader of the Government): Honourable senators, I am afraid I cannot help my honourable friend very much with regard to Mr. Dunkel's comments at the World Farmers' Congress meeting in Quebec and at a news conference that he held while in that city. I have read the same news reports that I am sure Senator Olson has read, but I am not responsible for Mr. Dunkel's comments nor do I think I should attempt to interpret them.

I can only tell the honourable senator that our position is, as it has been, that we want to see Article XI of the GATT strengthened and clarified in the course of the present multilateral negotiations. Mr. Dunkel, of course, is well aware of this position.

Senator Olson: I am satisfied with that reply because I have not seen any further detail. I thought perhaps the government had been informed of some further detail respecting the opening which Mr. Dunkel is now apparently prepared to acknowledge, although in the past he has given very little encouragement that the GATT would even try to accommodate the request made by Canadian officials at the GATT meetings, which request the minister has just outlined. It is an accommodation, a clarification and so on, of Article XI.

I would ask that the Leader of the Government try to find out, through the facilities which are available to him and not to me, what this major change involves. That is what I failed to grasp from the very brief press reports which I saw.

Senator Murray: Honourable senators, if this represents a change, major or minor, I shall ascertain that. The change that is needed is not on Mr. Dunkel's part, since he is not, as my friend knows, a law unto himself. The problem at the moment is with the impasse between the United States and the European Community.

Prime Minister Mulroney met with Canadian farm leaders on May 14, prior to going to Washington to meet with President Bush. At the meeting with farm leaders, the Prime Minister agreed that he would reinforce Canada's insistence on our balanced negotiating position in the multilateral trade negotiations.

Senator Olson: Honourable senators, the minister did not quite give a commitment that he would try to find out if there is any significant change in what Mr. Dunkel has said in the past few hours. If he will do that, then I would be happy to wait until tomorrow, the next day or for whatever length of time the minister needs to make the inquiry.

TRANSPORT

AIR SAFETY—FORWARDING OF PERSONAL BAGGAGE ON AIRLINES—GOVERNMENT POSITION

Hon. Colin Kenny: Honourable senators, I have a question for the Leader of the Government in the Senate regarding air safety. In light of the Air India crash and the Lockerbie crash, why does the government still permit personal baggage to be forwarded on flights when the passenger is not present on that flight?

Hon. Lowell Murray (Leader of the Government): Honourable senators, I will ask for a report on that matter from my colleague, the Minister of Transport.

EMPLOYMENT

EFFECT OF ECONOMIC POLICIES ON RATE OF UNEMPLOYMENT—GOVERNMENT POSITION

Hon. Jerahmiel S. Grafstein: Honourable senators, for the past 90 days Canada has lost jobs at the rate of 1,000 jobs per day. Has the government given any consideration to changing its economic course in light of these continuing job losses?

Hon. Lowell Murray (Leader of the Government): Honourable senators, I would appreciate it if my friend could outline for me what change in Canadian fiscal or economic policy he and his party would advocate. In particular, I think it is important to know whether Senator Grafstein supports Mr. Chrétien's position to the effect that the deficit should be allowed to increase, perhaps by several billions of dollars, in the current fiscal year, or whether he supports increased spending to be financed by increased taxes and, if so, by how much, and on whom. Indeed, does he support his leader in suggesting that the monetary policy, including the bank rate, ought to be set every week by the meeting of the Liberal caucus?

SUMMER UNEMPLOYMENT FOR YOUTH—GOVERNMENT RESPONSE

Hon. Jerahmiel S. Grafstein: Honourable senators, the government is obviously bankrupt of ideas in regard to any new course of action.

Having in mind its current state of insolvency with respect to economic ideas, is the government concerned about how to cope with the severe problem that will confront us in the next 20 to 30 days, that is, a further increase in the jobless rate in terms of the young people who will be leaving universities and high schools shortly to look for jobs? As I understand the situation in Toronto, it is expected that unemployment among youths will be the highest in 30 or 40 years, in excess of 20 per cent overall, and in some segments of the community in excess of 30 per cent.

Does the government have any answers to the short-term problem of summer unemployment for young people?

Hon. Lowell Murray (Leader of the Government): Honourable senators, we have had a longstanding program to employ young people—and students in particular—during the summer in federal government agencies and institutions, and to encourage the private sector to do likewise. I accept fully the concern expressed by the honourable senator with regard to the probable higher rate of unemployment among young people this summer. I assure him that we share this concern. We are actively considering the matter and searching for ways in which this problem can be alleviated to some extent.

• (2020)

NATIONAL FINANCE

FURTHER REDUCTION OF INTEREST RATES—GOVERNMENT POSITION

Hon. Jerahmiel S. Grafstein: Has the government given consideration to seeking a further reduction in the interest rates, having in mind that the differential between inflation and the bank rate is at an historic high?

In the past, we have been told by the government that it was not able to reduce interest rates or bring pressure to bear on the Bank of Canada to reduce interest rates because of inflation. Inflation is now at 2 per cent or lower, and still the differential between inflation and interest rates is historically high, curbing any opportunity for a swift turnaround and recovery in the economy.

Has the government given any consideration to putting pressure on the Bank of Canada to reduce interest rates further?

Hon. Lowell Murray (Leader of the Government): Honourable senators, I can only express our satisfaction with the course of events in terms of the Bank of Canada's policy.

We were not here last Thursday, and Senator Olson and I missed our opportunity for a weekly review of this situation. The bank rate last Thursday fell by another 17 points, from 6.50 to 6.33. This is surely the lowest bank rate in more than 20 years.

Hon. Senators: Hear, hear!

Senator Murray: I am sure the honourable senator will agree that the bank rate is going in the right direction, and then some. He might want to reflect further before suggesting that there should be some political interference on the part of the government with the Bank of Canada.

DELAYED ANSWERS TO ORAL QUESTIONS

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, I wish to table an answer to a question asked on May 7 by Senator Molgat regarding the Rafferty-Alameda dams project, and one to a question asked on May 12 by Senator Bonnell regarding commercial relations between Canada and the Ukraine.

THE ENVIRONMENT

RAFFERTY-ALAMEDA DAMS PROJECT—STATUS OF FEDERAL ADVANCE TO SASKATCHEWAN

(Response to question raised by Hon. Gildas L. Molgat on May 7, 1992)

Construction of the Rafferty dam has now been completed and work on the Alameda dam is about 80 per cent complete. The October 1989 challenge by the Canadian Wildlife Federation, resulted in the federal court ordering a panel review on December 28, 1989. The federal Environmental Assessment Review Panel completed its review and, on September 10, 1991, released a report containing 30 recommendations.

A federal response to the Panel's report was released by the federal Minister of the Environment on April 6, 1992, and fulfills the department's obligations under section 33 of the 1984 EARP guidelines order. Environment Canada will continue to work with Saskatchewan, Manitoba, and the United States government to implement the Panel's recommendations.

A total of $8 million was paid to the province as compensation for project delays which occurred as a result of the federal environmental review, and in accordance with the Saskatchewan/Canada agreement to halt construction, signed in January 1990. Work undertaken by the province between January 1990 and October 1990 was work begun before the agreement took effect or was needed to maintain the dam's structural integrity and for public safety reasons, as determined by independent experts.

When the province announced its intention to complete the dam in October 1990, contrary to the agreement, the panel resigned, and the federal government withheld all further payments, and filed for an injunction to halt the work. The right to an injunction was denied November 15, 1990. Since the province was entitled to compensation for delays occurring before that time, a recovery of previous payments ($8 million) was not initiated.

INTERNATIONAL TRADE

IMPENDING VISIT OF PRESIDENT BORIS YELTSIN TO UNITED STATES—POSSIBILITY OF VISIT TO CANADA—GOVERNMENT POSITION

(Response to question raised by Hon. M. Lorne Bonnell on May 12, 1992)

[Senator Murray.]

Canada's commercial relations with Ukraine have traditionally been carried on through the central foreign trade organizations of the former Soviet Union. With the demise of the USSR, however, and the emergence of a nascent Ukrainian infrastructure to manage foreign trade, Canadian commercial activity has focused on direct contacts at the regional and municipal level. Besides formally recognizing Ukraine's independence in December, 1991, and the subsequent establishment of diplomatic relations, the Government of Canada has provided Ukraine with General Preferential Tariff (GPT) status and has negotiated a $50 million line of credit with the Ukraine National Bank that is administered in Canada by the Export Development Corporation.

For Canadian firms, Ukraine represents a large industrial and consumer market characterized by a well-educated work force. Primary sectors of interest are agro-food (e.g. livestock genetics), manufacturing, construction, transportation, tourism, mining and metallurgy, aerospace, telecommunications, pipelines, ports, processing and miscellaneous professional services. Ukraine also represents one of Canada's largest export markets for titanium dioxide used in the domestic manufacture of pigments. Defense industry conversion also provides considerable potential for Canadian firms over the long term.

Following up on previous ministerial visits to Ukraine, International Trade Minister Wilson will lead a delegation of approximately sixty business people to Ukraine, Russia and Kazakhstan at the end of June to pursue new and on-going Canadian business initiatives. Other Federal Government trade initiatives in the past year include a marine equipment mission to Ukraine led by Industry, Science and Technology Canada. With the establishment of full diplomatic relations with Ukraine and the provision of steps toward a fully operational embassy in Kiev, commercial relations are normalizing.

The Technical Assistance Fund announced by Prime Minister Mulroney in June, 1991 has provided financial contributions under the Renaissance Eastern Europe Programme (REE) to a number of commercial projects in Ukraine. These include Torchinsky Engineering of Calgary for a feasibility study related to highway construction; Landford International of Toronto for a feasibility study on the construction of a business/hotel centre in Kiev; the Winchester Group of Toronto for a feasibility study to market quality Ukrainian goods in Canada and elsewhere in the West; and Minaker Enterprises of Vancouver for the joint development of existing railroad welding equipment in Ukraine for export to the West.

Moreover, the Task Force on Central and Eastern Europe, beyond providing humanitarian assistance in the form of medical supplies to Ukraine and funding to the Chernobyl Childrens' Fund, is providing Canadian

expertise in the development of appropriate agricultural college curriculum, with potential downstream commercial benefits to the Canadian agriculture sector. In addition, the Task Force is involved in the International Livestock Management School's training of the Ukraine dairy extension and veterinary service personnel; it is supporting a consortium (under the direction of the Canada-Ukraine Business Council) which is focusing on food industry pre-feasibility studies, in search of joint venture opportunities.

ORDERS OF THE DAY

SPECIAL MEASURES BILL

THIRD READING—DEBATE ADJOURNED

Hon. James F. Kelleher moved third reading of Bill C-53, to provide for the imposition of special economic measures.

Hon. John B. Stewart: Honourable senators, I am happy to have this opportunity to say a few words on this third reading motion. Bill C-53 was introduced on December 12, 1991. It passed the House of Commons on May 6, 1992. After second reading here on May 14, it was considered by the Standing Senate Committee on Foreign Affairs on May 21. I think all members of the Senate who were able to attend that committee meeting would agree that the discussion of the bill was unusually interesting.

This is an important bill. It provides a classic example of delegation of legislative powers.

● (2030)

Mr. Barry Mawhinney, Legal Advisor, the Department of External Affairs told the committee at the meeting on May 21, 1992:

> Canada has participated in the application of international economic sanctions on many occasions. In the past, the application of sanctions has usually involved restriction on trade in goods. Today, however, trade in services and international capital movements are very important elements of international economic relations. In order to be able to apply sanctions effectively, the government must have the option of covering services and capital movements, as well as other activities. At present, only the United Nations Act enables the government to apply comprehensive economic sanctions. However, that act may be invoked only to give effect to a mandatory resolution adopted by the United Nations Security Council pursuant to Article 41 of the United Nations charter.
>
> It has been very rare that permanent members of the security council have agreed to the application of mandatory sanctions.

Later he states:

> Aside from the United Nations Act, the government has only limited authority to restrict imports, financial transactions and trade in services, or to freeze foreign-held assets in Canada or to interrupt the operation of air and sea links between Canada and other states.
>
> The Special Economic Measures bill which is before you today would fill gaps in the existing authority for economic sanctions, and would enable the government to chose from among a broad range of measures in order to apply those measures most appropriate in particular circumstances.

What concerned some members of the committee was the plenitude of the powers that Parliament is being asked to delegate to the Governor in Council. I should like to call the attention of honourable senators to the words of clause 4(1) of the bill:

> The Governor in Council may, for the purpose of implementing a decision, resolution or recommendation of an international organization or association of states, of which Canada is a member, that calls on its members to take economic measures against a foreign state, or where the Governor in Council is of the opinion that a grave breach of international peace and security has occurred that has resulted or is likely to result in a serious international crisis,
>
> (a) make such orders or regulations with respect to the restriction or prohibition of any of the activities referred to in subsection (2) in relation to a foreign state as the Governor in Council considers necessary;

The committee focused chiefly on the second of the alternatives, that is, not where Canada would be acting to implement a decision, resolution or recommendation of an international organization of states, but rather where Canada would be acting alone or independent of an international organization.

Let me reread the clause, leaving out the reference to international associations:

> The Governor in Council may . . . where the Governor in Council is of the opinion that a grave breach of international peace and security has occurred that has resulted or is likely to result in a serious international crisis,
>
> (a) make such orders . . .[restricting certain activities] as the Governor in Council considers necessary;

In other words, the Governor in Council decides that there is a "grave breach" and then the Governor in Council may make such orders as the Governor in Council deems necessary.

One is reminded of the expression used by a distinguished British judge back in the 1930s. He said, "There has been too much of this damned deeming." There is a lot of deeming in that clause.

Mr. Mawhinney, the witness from the Department of External Affairs, agreed with members of the committee that the bill would enable the Governor in Council to act alone. He

said that the bill tries to anticipate all possibilities, including the possibility that there was not "a very broad international support" for sanctions.

Perhaps we better look at his own words. At page 19 of the evidence, he was asked a question to which he replied:

> That is correct, senator, that there is this further provision so that the legislation, given its character as enabling legislation, would cover all possible circumstances.

Later he stated:

> I would suggest to you that it would be very unlikely that Canada would be taking action. Even though the Governor in Council would have the authority to do so under that criteria that you cite, it would be very unlikely for that action to be taken in the absence of a very broad international support for that action.

In other words, a great deal of power is to be conferred on the Governor in Council. But we are to be reassured by the statement from the legal advisor to the Department of External Affairs that the Governor in Council is not likely to act without a very broad international support.

The bill provides that the Governor in Council would use these powers only where there was a grave breach of international peace and security. The witness emphasized this point. Economic sanctions would not be imposed in other circumstances.

At page 20 of the evidence Mr. Mawhinney states:

> . . . the wording here, I think, bears careful examination. We are speaking here of a grave breach of international peace and security that has occurred and has resulted, or is likely to result, in serious international crisis.

Later, Mr. Mawhinney was asked what "grave breach" means. He stated:

> It would be impossible to reach an agreement on a legal meaning of "grave breach" because of the very nature of the subject with which we are dealing. It is a highly subjective area.

There again the committee was being told that we would have to rely upon the good judgment of the Governor in Council.

Another aspect of the bill that attracted attention in the committee was the fact that Orders in Council may be made under clause 4 that would have extraterritorial effect.

When the bill was before the legislative committee in the other place, the Canadian Bankers Association wrote to the chairman of that committee. Later, they sent me a copy of that letter. In their letter, the Canadian Bankers Association says:

> There is an inconsistency between the extraterritorial provisions of this Bill and the defensive provisions of the Foreign Extraterritorial Measures Act. As it stands, this Bill would send a message that it is satisfactory for Canada to exert its jurisdiction in other countries, but it is inappropriate for them to exert their jurisdiction here.
>
> It is not enough for the Government to announce (as it did when the Bill was tabled in the House) that extraterritorial jurisdiction would only be asserted by Canada in a manner consistent with international law and with due regard for the comity of nations. No government ever purports to do otherwise. Even the actions of foreign states which preceded the introduction of the Foreign Extraterritorial Measures Act were said by the foreign governments to be consistent with international law and with due regard for the comity of nations.
>
> Any proposal to extend jurisdiction in an extraterritorial manner at any time is of such momentous importance that it ought to require prior parliamentary scrutiny through special legislation.

Mr. Mawhinney sought to reassure the committee concerning the extraterritorial reach of economic-sanction orders. In response to questions, at page 16 he said:

> Senator, the legislation does allow, if the situation warrants, for these measures to apply to Canadians or branches of Canadian companies which are located outside of Canada. It may require them to adhere to the measures and regulations.

Then a little farther down, he goes on to say:

> It has to be borne in mind, however, that this would not be something that would be applied in a sweeping manner, but would be applied in circumstances where it was evident that the national off-shore was acting in a manner that was clearly intended to thwart the purpose of the sanctions policy.

Once again we are being asked to trust the good faith and judgment of the Governor in Council of the day. Mr. Mawhinney says that extraterritorial power *per se* is not offensive; rather it is the manner in which extraterritorial power is used that has to be examined to ascertain whether or not the use made is offensive.

So there we have it. Again and again we are told that Parliament is being asked to delegate very broad powers to the Governor in Council. We are being told that it is quite proper, indeed desirable, for Parliament to accede to this request for a broad delegation of powers because clearly the Governor in Council always will act with the highest wisdom and the best of good intentions. Any difficulties we have with the bill are to be set aside by a presumption of good intentions.

I am reminded of what Senator Murray told the Senate on May 17th, 1989. We were dealing with Governor General's special warrants. He said that we should forget what the minister or the deputy minister of the day said when a bill was before Parliament. He said that instead we should look at what the act says. That caveat goes a long way to undermine the

assurances that the committee was given; assurances that, notwithstanding that the powers are vast and notwithstanding that the extraterritorial power could be used improperly, we can rely on the good intentions of this government, the next government and the one after that.

There we have the problem that now confronts the Senate. The heavy emphasis on the fact that the powers sought would be used only in cases of "grave breaches;" the recognition that the term "grave breaches" has no precise meaning; and the argument that Parliament would have to rely on the Governor in Council to use extraterritorial powers wisely, led some members of the committee to suggest that the bill is defective in that it does not provide for the houses of Parliament to be brought back, if they happen to be in adjournment when the Orders in Council are made.

The bill provides for the tabling of the orders if the houses of Parliament are sitting. It lays down an elaborate process by which the desirability of the orders could be challenged. But there is a difficulty. It is always wise to imagine an extreme case because it is the extraordinary that proves a rule.

Let us imagine a situation in which there is a minority Liberal government and that there happens to be a Liberal majority in the Senate. Both houses are in adjournment. That minority Liberal government brings in Orders in Council to impose economic sanctions. If it calls the House of Commons back there may be trouble, so a recall is avoided. And even if it does bring the House of Commons back, under the provisions of Bill C-53 the Liberal majority in the Senate could decide that it does not agree with the House of Commons that these orders should be revoked or amended.

An even more serious difficulty is that a majority government, indeed even a minority government, could make orders under this bill and if the houses were not sitting those orders would remain in effect for weeks, perhaps for months, before there would be any chance for members of either house to raise questions concerning them.

To sum up, the general view in the committee was that the principle of the bill is sound, but that there is a very heavy reliance on the good intentions of the present and future governments. But we know from Senator Murray that the present ministers cannot commit even their successors in their portfolios in the present government, let alone their successors in new and different governments. The question is whether that difficulty can be overcome in some way.

No amendment was offered to the bill in the committee; consequently, the bill was reported to the Senate without amendment.

• (2050)

When Senator Frith spoke on the second reading motion on May 14, he raised various questions. Some of those questions—not all—were dealt with in the committee. I thought that Mr. Mawhinney, who appeared on behalf of the Department of External Affairs, was an unusually candid and cooperative witness; when those questions were put to him, he gave us what I thought were helpful answers.

I want to commend to honourable senators the record of the committee's meeting on Thursday, May 21. This was one of the most interesting considerations of a bill that I have had the opportunity to observe.

Hon. Senators: Hear, hear!

Hon. Royce Frith (Leader of the Opposition): Honourable senators, when I spoke to Bill C-53 at second reading on May 14, I did raise the questions just referred to by Senator Stewart, but I also indicated our support for the legislation with some reservations, as outlined in those questions.

One of my concerns was that the government could impose sanctions even when Parliament was not sitting, and that the bill contained no provisions for the recall of Parliament to debate or pass judgment on the government's decision to resort to sanctions. When considering the principles that were discussed at second reading, and that have just been discussed at third reading, it is important to remember that the basic structure or plan of the legislation, rather than being a motion requiring prior approval of Parliament, is to require the tabling or filing of the Orders in Council made, and then, in certain circumstances, to provide for parliamentary review of the decisions made.

Under subclause 4(1) of the bill, as Senator Stewart has said, the Governor in Council would have the authority to order a wide range of economic sanctions in one of two situations, outlined as well by Senator Stewart. In the first instance, the Governor in Council could order sanctions:

> . . . for the purpose of implementing a decision, resolution or recommendation of an international organization of states or association of states, of which Canada is a member, that calls on its members to take economic measures against a foreign state . . .

There is a certain inherent logic in saying that, if Canada is a member of an international organization that calls on its members to take economic measures against a foreign state, then Canada should have the legislative authority to implement the decisions made by the international club of which it is a member.

So, in this scenario, Canada would be acting in concert with like-minded nations. Bill C-53 will give Canada authority similar to what is already in existence under the United Nations Act, where Canada can impose a wide range of sanctions following a resolution of the United States Security Council. That is what was done, in fact, during the Gulf War.

I have no complaint about empowering the government with authority to impose economic sanctions where it is doing so in concert with other nations. As I have said, when Canada joins an international body, it undertakes certain obligations,

and clause 4 can be seen as a means of ensuring that the government will be in a position to fulfil those obligations.

Throughout my remarks, I am talking about "the" government; not "this" government, but "any" government.

In these circumstances, in this scenario of acting in concert with other members of an international body, we on this side have no difficulties and propose no changes to the bill.

Subclause 4(1), however, would also permit any government to impose sanctions on its own initiative, and it is here that the problems arise both for me and for Senator Stewart, as well as for certain members of the committee from both sides of the house.

Subsection 4(1) provides that the Governor in Council may act and impose sanctions where it:

> . . . is of the opinion that a grave breach of international peace and security has occurred that has resulted or is likely to result in a serious international crisis.

Those words are important, as Senator Stewart has said. Remember the words ". . . grave breach of international peace and security . . . that has resulted or is likely to result in a serious international crisis." Obviously, neither this government nor any other government will make these kinds of decisions unless the situation is very serious.

Here, however, we have a very different scenario. Here we have the government—not necessarily this government, but any government—making a finding that the world is on the verge of a serious crisis and, on that basis, imposing sanctions in the absence of any request from any international body. My suggestion is that, where a government intends to act unilaterally, and not under the auspices or umbrella of an international organization, in the atmosphere of "a serious international crisis", the role of Parliament should be greater. When a government does not have to check with international order, it should at least have to check—perhaps differently—with Parliament.

Clause 7 of Bill C-53 provides the procedure to be followed where the government has taken a decision under clause 4 to impose some form of sanction. Where the government is acting multilaterally, we on this side propose that clause 7 remain unchanged. However, where the government is acting unilaterally, in a climate of serious international crisis, the procedure laid out in clause 7 should be modified in order to bring the matter before Parliament more quickly. This would be accomplished by amending clauses 7(1), (3), (4) and (6), so that in the case of an "international crisis", the time periods would be shortened.

The subclauses of clause 7 would be virtually identical to those now in the bill, but with the following changes:

> 7(1) - Instead of up to five days before a government need file with each House of Parliament an order made under clause 4 for sanctions, a government would have but two days, where there was an international crisis;

[Senator Frith.]

> 7(2) - The requirement of at least fifty Members of the House of Commons or twenty Senators filing with the Speaker a motion to force a reconsideration of the government's decision, is not changed.

It is important to stop and emphasize that we are dealing with a government making a decision in one of two different circumstances: first, when it is a member of an international organization which asks for sanctions; and, second, making the decision on their own. It is not a matter of coming to Parliament and asking for Parliament's prior approval. The government makes the decision and then files the order with both houses.

As I say, the first change we would make in the case of the unilateral decision would be that the order be filed within two days instead of five days.

The next step is that even when the order for sanctions is filed, nothing happens unless 50 members of the House of Commons or 20 senators file with the Speaker a motion to force a reconsideration of the government's decision. We suggest that that be not changed, that it continue to apply to both multilateral and unilateral situations.

Then there is clause 7(3): Instead of having six sitting days before debate must start after the requisite number of members file with the Speaker, debate, we suggest, should start within three sitting days.

● (2100)

In clause 7(4), instead of debate being limited—honourable senators will understand what I mean when I say "instead"; I am assuming that the present provisions apply to the multilateral or international organization decision— to a maximum of three hours, we suggest that the debate would run a maximum of six hours.

The next possible stage in the process is that the motion be adopted. If the motion is adopted, it is then conveyed to the other house with the request that it be concurred in. Our suggestion is that that clause stay as it is and apply to both situations.

With regard to subclause 7(6), instead of providing that the debate must start in the receiving house within "the first fifteen days that it is sitting after receiving a request pursuant to subclause (5)", we suggest the motion must be considered within four days after the message has been sent. As the subclause now stands, the 15-day clock does not start to run until after the receiving house receives the request for concurrence. If the receiving chamber is adjourned—for example, if we were getting the request and we had adjourned—it could, of course, not receive the message until its return and, consequently, the clock would not start running until then. The amendment also proposes six hours of debate in the receiving chamber instead of three hours.

Subclauses (7) and (8), which deal with the consequences of adopting or rejecting the motion, we suggest remain

unchanged. Subclause (9) which provides that the Governor in Council shall submit a report to Parliament on the operation of any order or regulation pursuant to the act need not be changed.

I now come to a point raised by Senator Stewart, namely, the recall of Parliament. The amendments proposed add to clause 7 a new subclause to provide for the recall of Parliament where there is an international crisis. Where the Governor in Council took action under clause 4 to impose sanctions unilaterally, in a crisis situation, and either house of Parliament was not sitting, the Speaker would recall that house within three calendar days of that order being made.

To reiterate, this amended procedure would only apply, "...where the Governor in Council is of the opinion that a grave breach of international peace and security has occurred that has resulted or is likely to result in a serious international crisis". It is only where there is a potential or actual serious international crisis that the house and/or the Senate would be recalled. Can there be any justification in not recalling Parliament if it is not sitting where the Governor in Council itself has concluded that there is a serious international crisis? If Canada's Parliament is to have no role in such a climate then one wonders where it should have a role.

Let us not forget that this legislation does give Parliament a leading role. The essence of the amendments is to tighten that role and make it clear and more immediate in the case of unilateral action.

We have had occasions where the House of Commons, for example, has been called back because of certain activities in the Senate that the government felt created a national crisis. So it is hard to believe that we would not be able to justify calling it back in the case of an international crisis described in the bill as a "grave breach of international peace and security"—those are very serious words—"that has resulted or is likely to result in a serious international crisis".

As for changes in time limits, under clause 7 it could take up to 26 sitting days before there was a resolution of both houses of Parliament. It could be even longer if the receiving house were not sitting at the time the message was sent. The amendment cuts down this time to a maximum of nine sitting days in the case of a serious international crisis.

Finally, as to the length of debate, it is difficult to argue that three hours is sufficient to debate a matter already defined as threatening the peace and security of the world. One could argue that even six hours would not be enough in such circumstances.

To close my arguments on the amendment, may I remind colleagues on my side and opposite that no party will form the government in perpetuity. I am asking that this amendment be viewed solely on its merits and not as a criticism of this government or anticipated criticism of a future government. It is a measure designed to keep a government, whatever its political stripe, accountable to Parliament. This is something that I believe concerns all of us as parliamentarians and not as partisan parliamentarians.

Therefore, honourable senators, I propose the amendments that I have just described. They have been drafted by parliamentary counsel and I will circulate them. I would not say they are excessively technical, if that is not a redundancy. I might ask for leave to dispense with reading them now because I am not now asking for a vote on these amendments. I would like the government to be given an opportunity to consider the remarks made in support of the amendments, to consider the wording of the amendments themselves and to decide whether or not they would be prepared to support these amendments, considering the fact that there is no partisan content in them. I ask the government to judge them, and I hope they will judge them on the basis of their merits.

Honourable senators, may I file these amendments without reading them? I would be quite happy to read them, if you prefer and if I do not have such leave. Do I have such leave?

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

Hon. Lowell Murray (Leader of the Government): Agreed.

Senator Frith: I move the amendments now being filed with the table and also being circulated, and ask that they be given consideration by the government and by the Senate.

The Hon. the Speaker *pro tempore*: Honourable senators, it is moved by the Honourable Senator Frith, seconded by the Honourable Senator Hébert, that Bill C-53 be not now read the third time but that it be amended in clause 7 —

Senator Frith: Dispense.

Hon. Lowell Murray (Leader of the Government): Honourable senators, I have not taken a very active part in the deliberations on this bill, but I have listened with considerable interest and great care to the speeches made this evening by Senator Stewart and by the Leader of the Opposition. Let me say at once that I appreciate the spirit in which their comments are made and in which the amendments are put forward. We will do as the Leader of the Opposition has asked. We shall reflect on the speeches that have been made and consider the amendments that have been proposed.

Let me say at once that, in achieving an objective on which we may all agree in principle, I will always seek a method other than amending a bill, even in a bi-partisan fashion, and sending it back to the House of Commons. The fact that that house has a fairly heavy agenda and that we are now in the month of June and heading for the summer adjournment is one consideration.

• (2110)

Another consideration is that I have been advised by my colleague the Secretary of State for External Affairs that she believes there is some urgency to getting this bill passed and giving it Royal Assent because of certain discussions that

have taken place in international fora, such as the Organization of American States and elsewhere, regarding sanctions that are being applied internationally against certain countries.

I repeat, therefore, that even if I find myself, and we find ourselves, in agreement with the spirit and objective of these amendments, I will be searching for some way to achieve those objectives without sending this bill back to the House of Commons now. I would also want to read the speeches of Senator Stewart and the Leader of the Opposition with a view to persuading myself that there is some important difference in principle in terms of the government's relationship with Parliament as between sanctions that are agreed upon in some international body, such as the United Nations or the Organization of American States, and sanctions that the government of Canada, in Canada's national interests, decides to apply unilaterally.

All this I shall undertake to do within the next few days, or as soon as possible. I will report back to honourable senators as soon as I can.

I propose the adjournment of the debate.

On motion of Senator Murray, debate adjourned.

[*Translation*]

AIRPORT TRANSFER (MISCELLANEOUS MATTERS) ACT

BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

Hon. Jean-Maurice Simard moved the second reading of Bill S-11, An Act to amend the Airport Transfer (Miscellaneous Matters) Act.

Honourable senators, if there is one bill which was introduced in this house, which caught my attention, which I am very glad to debate at this stage and which I want all of our colleagues to support, it is Bill S-11, an Act to amend the Airport Transfer Act.

I say so today without any hesitation, in fact, with a lot of enthusiasm. I have discussed the issue with several of my constituents ever since the bill was tabled in this house and with Acadians from my region who were as enthusiastic and as happy as I was to learn about the commitments the minister of Transportation made in this house, after a very long debate which lasted for three or four months and ended in April, I believe.

So, we are happy to see the minister has accepted our recommendation, the suggestion both sides agreed on, that is to go back to the legal, constitutional guarantee, not to say the exact same words found in sections 5 and 6 of the *Official Languages Act*, dealing with the working language in federal airports located in bilingual regions under section 25 of the *Official Languages Act*, in other words, in all federal airports in New Brunswick, in Gaspé-East, in the bilingual area of metropolitan Montreal, the National Capital Region and northern Ontario.

[Senator Murray.]

According to section 2 of Bill S-11, with the legal guarantee and the scope of the *Official Languages Act*, the working language in leased airports is guaranteed for every employee. All employees will have the opportunity to work in the official language of their choice. The same legal protection applies to the participation of English-speaking and French-speaking Canadians at these airports.

So it is interesting to see oncke more that when bills seem to be flawed or to jeopardize from vested interests, senators can exercise a positive influence on the government, whether on a non-partisan basis or in a bipartisan way, and bring it to backtrack, as is the case today.

I am therefore very happy of the outcome. After discussions and meetings with New Brunswickers, I can tell they are excited about it and welcome the decision with us.

The tabling of this bill demonstrates that the Senate can be effective, as it has been several times. It really can bring the government in place to track.

In conclusion, bill S-11 contains additional elements. One of them is of interest to Transport Canada: no federal tax will be payable by the local airport authorities on the gross revenue derived from an airport business.

Like the Department of Transport, LAA will have power to seize and detain aircrafts if airlines fail to pay landing fees or general terminal fees. I think both sides of this house will realize the rationale and wisdom of such an amendment.

Finally, Bill S-11 recognizes as "authorized or permitted investment" under legislation governing some lending institutions, the evidence of indebtedness of local airport authorities. You need to be familiar with such legislation to understand the meaning of that, but I trust that in committee we will have every opportunity of gauging the scope and rationale of this amendment.

Honourable senators, thank you for supporting this bill and for passing it after it has been discussed and explained in the Transport and Communications Committee. I wish to thank ministers Loiselle and Corbeil for the speed with which they acted. They generously supported our initiative and presentation in this house of Bill S-11. I have no doubts that our colleagues from Quebec and elsewhere will support these changes.

I kept my last remarks for Senator Murray. I thank him sincerely for his kind support, his great understanding and his marvellous lobbying of his Cabinet colleagues. The leader of the government in the Senate thus becomes the great instigator of the return of the protection contained in Sections 5 and 6 of the Official Languages Act. Senator Murray thank you for a job well done.

Hon. Royce Frith (Leader of the Opposition): Honourable senators, in congratulating Senator Simard for his intervention, I would also like to thank him for some clear and

detailed documentation that he gave me a week ago. I am preparing some notes supporting the bill. I then adjourn the debate and will probably be ready to present my intervention to you tomorrow.

On motion of Senator Frith, debate adjourned.

[*English*]

TIBET

ANNIVERSARY OF NATIONAL UPRISING—ORDER STANDS

On the Order:

> Resuming the debate on the inquiry of the Honourable Senator Di Nino, calling the attention of the Senate to the thirty-third anniversary of the Tibetan National Uprising.

Hon. Royce Frith (Leader of the Opposition): Honourable senators, I wish to speak to this inquiry. I will be prepared to do so soon, although I do not have all the material I want at the moment.

Do I understand that unless this order is spoken to now it will be dropped from the Order Paper?

The Hon. the Speaker *pro tempore:* Yes.

Senator Olson: Not if you make an intervention.

Senator Frith: That is not clear. The last time I raised that point, the Speaker ruled against me on it. The rule provides that the order shall be dropped, "unless previously ordered". Therefore, I ask the Senate now to order otherwise and to allow the order to stand until I am ready to intervene. If that is not acceptable, I can always put something down on the Order Paper again, although it seems silly to do so when we know that I have built up quite a file on the subject.

Hon. Consiglio Di Nino: Honourable senators, I have no objection to the suggestion of the honourable senator. I look forward to his intervention. It is an item in which both he and I have great interest. Will we be setting a precedent, however, if we do as the honourable senator suggests?

Senator Frith: We are really acting under the rule, Senator Di Nino, which uses the words, "unless previously ordered". We are not creating a precedent. In any other case it has to be previously ordered, as I am asking now.

The Hon. the Speaker *pro tempore:* Is it agreed, honourable senators, that the order stand and remain on the Orders of the Day?

Hon. Senators: Agreed.

Order stands.

The Senate adjourned until tomorrow at 2 p.m.

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THE SENATE

Tuesday, June 2, 1992

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

Prayers.

SENATORS' STATEMENTS

GENERAL ELECTION

NUMBER OF DAYS LEFT IN CURRENT TERM

Hon. Royce Frith (Leader of the Opposition): Honourable senators, Big Ben's clock, the election clock, tolls as follows: As of Tuesday, June 2, 1992, in Senator Murray's nomenclature, the democrats have 172 days left, and the non-democrats, or those cowardly and contemptuous of democracy, 558 days.

THE LATE HONOURABLE ROBERT ERSKINE CAMPBELL

TRIBUTE

Hon. M. Lorne Bonnell: Honourable senators, I call the attention of the Senate to the loss of a great Canadian, a great Prince Edward Islander, and a great citizen, Robert Erskine Campbell of Alberton, Prince Edward Island. Mr. Campbell was continuously a member of the Prince Edward Island legislature for the last 30 years, being elected and re-elected nine times and achieving a bigger majority each time he ran.

Robert Campbell was a people's man, an honourable man, an honest man, a hard-working, faithful, loyal member of the Legislature who put his people first. His first love was the love of God; his second love was his country; his third love, his family; and last of all he put himself.

After 30 consecutive years in the Legislature, he passed away Sunday last and will be buried tomorrow afternoon. I believe our good colleague Honourable Senator Phillips and I will be absent from this Chamber tomorrow to attend the funeral of this great Canadian.

Mr. Campbell served under many premiers and many Lieutenant Governors. He served well his province and his district of Prince in the Legislature. He was a farmer. He was a member of the Hospital Board, the Board of Trade, the Retarded Children's Association, the Home and School Association, and many other organizations in his area. He served them all well and gave them of his time, his knowledge, and his experience.

He also served in the Merchant Navy of Canada during the war before coming into the Legislature in 1962. I was there the day he came in, and I served with him for many years in the legislature.

He had eight children. All of them, I know, have a deep sense of loss for their father, as I am quite sure all Prince Edward Islanders feel the loss of this great man. His children are Dianne, David, Donald, Elizabeth, Elda, Gwenda, Robert Jr., and Margaret.

Robert Campbell was born in 1922, the son of Keir Fraser Campbell and Eliza Mae Haywood. He married on November 27, 1943, to Georgia Ona, daughter of Theodore Lewis, in Alberton, Prince Edward Island.

He lived in Prince Edward Island all his life, and he will be sorely missed. I wish to extend my deepest sympathy to his dear wife and family.

● (1405)

ROUTINE PROCEEDINGS

FOREIGN AFFAIRS

EIGHTH REPORT OF COMMITTEE TABLED

Hon. John B. Stewart: Honourable senators, pursuant to rule 105, I have the honour to table the eighth report of the Standing Senate Committee on Foreign Affairs concerning the expenses incurred by the committee during the Second Session of the Thirty-fourth Parliament.

(*For text of report, see today's* Minutes of the Proceedings of the Senate.)

NATIONAL DEFENCE

REPORT OF SPECIAL COMMITTEE TABLED

Hon. Jack Marshall: Honourable senators, pursuant to rule 105 of the Rules of the Senate, I have the honour to table the report of the Special Committee of the Senate on National Defence concerning the expenses incurred by the committee during the Second Session of the Thirty-fourth Parliament.

(*For text of report, see today's* Minutes of the Proceedings of the Senate.)

[*Translation*]

GOODS AND SERVICES TAX

PRESENTATION OF PETITIONS

Hon. Jacques Hébert: Honourable senators, I have the honour to present petitions signed by 500 citizens from the province of Ontario who oppose the goods and services tax.

These petitions come mainly from Thornhill, Concord, Willowdale, Scarborough, Brantford, Mississauga, Toronto and Ottawa.

[*English*]

These 500 petitioners cannot understand that for the first time since Confederation a government has seen fit to tax books and periodicals, thus limiting the free flow of information, ideas and culture.

Hon. Len Marchand: Honourable senators, I have some petitions that were assembled under the auspices of the Association of Iroquois and Allied Indians which confirm that a large number of aboriginal people of Canada are opposed to this tax. A large meeting was held on May 7 at Oshweken, Ontario, in opposition to this tax.

I also have a petition, which contains approximately 125 signatures, from residents of Newcastle, New Brunswick, and various parts of Ontario.

QUESTION PERIOD

[*Translation*]

FISHERIES

EUROPEAN COMMUNITY—MORATORIUM ON FISHING OF ATLANTIC COD STOCKS

Hon. Jean-Maurice Simard: Honourable senators, my question is directed to the Leader of the Government in the Senate.

Yesterday, the European Community announced that tomorrow, June 3, it would suspend cod fishing in the Atlantic zone located directly outside Canadian territorial waters until December 31, 1992.

The same press release, mentioned that the moratorium would also apply to other species very shortly. It is clear to all sensible Canadians that we owe this decision to the efforts of the federal Minister of Fisheries and Oceans, the Hon. John Crosbie and his vigorous campaign to protect seriously threatened Canadian fish stocks.

I have the following questions for Senator Murray. First, since despite its latest decision, the European Community still seems to downplay the impact of its member countries on the fisheries, can Minister Crosbie and the government give Canadians the assurance that they will continue their efforts, in the hope that the European Community will put a permanent stop to overfishing in this particular area?

My second question is as follows: Is the Leader of the Government in the Senate prepared to make a commitment to table in this chamber Mr. Crosbie's analysis of this decision and indicate the government's strategy to ensure that this question is settled in the long term?

Hon. Lowell Murray (Leader of the Government in the Senate): Honourable senators, the answer to both questions by Senator Simard is: Yes. I most certainly shall consult my colleague, Mr. Crosbie, and ask for his analysis of the decision made by the European Community.

However, Mr. Crosbie has already reacted quite positively to the European Community's initiative. In fact, this initiative confirms the threat to our fisheries in the Northwest Atlantic.

Mr. Crosbie also said that he was disappointed the decision had not been made well before the present crisis.

OVERFISHINBG BY GIANT TRAWLERS—GOVERNMENT POSITION

Hon. L. Norbert Thériault: A supplementary question, honourable senators. Just like my colleague, Senator Simard, I am happy with the decision made by the European Economic Commission although the minister, whose statement I support, is less optimistic in spite of his efforts. He expresses the feeling, somewhere in his statement, that this decision was probably taken because there is no more cod to catch.

It is, in any case, a step in the right direction. As a supplementary question, I would like to ask the Leader of the Government in the Senate if, in view of this moratorium on fishing in the zones described, he might not request the minister once more to revise his position about putting an end to the destruction of cod stocks, in the Gulf of St. Lawrence and its seaward approaches, by fishing boats over 100 feet in length.

Hon. Lowell Murray (Leader of the Government in the Senate): Honourable senators, I will again ask my Cabinet colleague, Mr. Crosbie, to comment on this.

EXPLOITATION OF RESOURCES—POSSIBILITY OF TALKS BETWEEN CANADIANS AND EUROPEANS

Hon. Eymard J. Corbin: Honourable senators, on that subject, it must be pointed out that, if there are positive aspects to the decision of the European Economic Community (EEC), there is also some negative ones. Accusations were even made by the EEC which claims that there is no foreign overfishing, especially outside the Canadian 200-mile zone, that indeed Canadian fishermen are depleting cod stocks. This is a rather serious accusation made against us in the past little while by the European Economic Community.

Does the Canadian government intend to reply to the Europeans to show them it is useless to just throw accusations left and right without having full knowledge of the facts when in fact, what is needed is for Canadians, Europeans and others who tap these resources to all get together around a table to settle once and for all this environmental problem. Accusations solve nothing. What we need, right now, is for a deal to be struck between men and women of goodwill.

Hon. Lowell Murray (Leader of the Government in the Senate): Honourable senators, I am in full agreement with the hon. senator when he says that throwing accusations at one another is not very useful.

I shall enquire to see if my colleague, Mr. Crosbie, could provide us further information on the statement made by the European Economic Community's spokespersons.

[*English*]

THE ECONOMY

"AN AGENDA FOR PROSPERITY"—CIRCULATION OF GOVERNMENT PAMPHLET

Hon. Raymond J. Perrault: Honourable senators, before I departed the West Coast for Ottawa on the weekend, a circular was delivered to my home. It is entitled—"Lower taxes." "More training." "Cut the red tape." "Buy Canadian." "We need a Vision." "Less government." "No barriers." It constitutes a Conservative Party mailing. I suggest that it is probably the first shot in the forthcoming election campaign.

Senator Hastings: Who paid for it?

Senator Perrault: Yes, that is the question. A pair of scissors is shown on one page with a caption that reads, "Cut! Cut! Cut!" The pamphlet suggests that the Conservatives will streamline government, eliminate a number of projects, and simplify tax forms. The truth is, honourable senators, that most of the people who have been "Cut! Cut! Cut!" are the disadvantaged in society.

Senator Frith: It is a cruel joke.

Senator Perrault: Some of the people who have been "Cut! Cut! Cut!" are those who have been the victims in my province of the arbitrary 5 per cent ceiling on the increase in federal welfare payments.

The pamphlet indicates that the education credit has been increased. The pamphlet describes what it purports Canada to be today—a land of milk and honey, with everyone enjoying a very high standard of living and no problems at all.

Senator Simard: What is the question?

Senator Perrault: The pamphlet purports to say that Canadians, beginning last November, were asked for their opinions on a range of subjects. Significantly, what they do not publish is the attitude of Canadians toward this government and the leader of this government.

At the bottom of the last page of the pamphlet, the government says that if you would like it to rush you additional copies of this pamphlet, write to Ministers Valcourt and Wilson at the House of Commons in Ottawa.

Senator Barootes: Let me write that down. What is the address?

Senator Perrault: You were probably on the planning committee for this blatant piece of propaganda!

If you want additional copies, you are to send your name and address to Ministers Valcourt or Wilson, House of Commons, Ottawa, Ontario, K1A 0A6.

At the bottom of the last page, the pamphlet says, "Please recycle". Well, the people of Canada are in no mood to recycle this discredited government. That is what we are talking about.

[Senator Murray.]

Senator Barootes: Thanks for the advertising.

Senator Perrault: "Please recycle"! I have never seen a more blatant waste of taxpayers' money.

My question is this, finally—

Some Hon. Senators: Hear, hear!

Senator Perrault: How many copies of this pamphlet have been printed by this government? Is this one of the products of GST revenues? Are our taxes being used to publish and distribute blatant propaganda of this kind?

There is no mention in this pamphlet of the fact that 500,000 manufacturing jobs have disappeared since the free trade deal was signed—not a mention of that! Not a mention of the fact that there is no GST on caviar, but there is on babies' clothing. The injustices perpetrated by this government are scandalous, and I have belaboured the point perhaps long enough.

Senator Hastings: How many unemployed?

Senator Perrault: Are there regional disposal bins where this pamphlet is to be recycled? Have you established in each province an area where we can throw this trash into the type of container it deserves?

Senator Frith: We have the perfect place out in the country.

● (1420)

Hon. Lowell Murray (Leader of the Government): Honourable senators, I do believe I received one of those.

Senator Perrault: Did you get a copy as well?

Senator Murray: Yes, at my home, and it was in both languages. I believe it was an insert—

Senator Hastings: An insult.

Senator Perrault: It is an insult.

Senator Murray: —in various daily newspapers paid for by the government.

Senator Perrault: By the taxpayers.

Senator Murray: It is a report on the consultations that have been taking place across Canada for some months now in connection with the Prosperity Initiative. The honourable senator may know that these consultations have touched upon competitiveness and training and the various policies that people want to see followed in order to ensure our competitiveness and increased prosperity in the years ahead. I did not read every word, but I read through it quickly and I found it extremely interesting and even uplifting.

Senator Frith: Considering how depressing the polls have been I can understand that.

Senator Perrault: I would think the Leader of the Government in the Senate would probably be supportive of its content. That is not an unreasonable suggestion by the senator.

Senator LeBlanc: He has not read all of it.

Senator Perrault: The fact is, read as objectively as one can read it, it can only be described as a blatantly partisan Conservative circular, not distributed and paid for by the government, but distributed as a result of money extracted from the already overstressed taxpayers in this country. Public money should not be wasted circularizing partisan literature on the part of any political party. The government should be ashamed of itself. We need some facts and figures on this one.

Senator Murray: Honourable senators, I would be glad to obtain the information, if any, that the honourable senator is seeking. I disagree with him that it can in any sense be considered a partisan document. It is a report to Canadians on what we have learned in the consultations. The quotations cited by the honourable senator a few moments ago seem to me to be suggesting that the government has not gone far enough in cutting taxes and spending, or in encouraging research and training, and a number of other things. That, it seems to me, is not a partisan message at all. Rather it is a critique of the government policies and an admonition, which we welcome and take to heart, that we must do more and do it better.

Senator Perrault: Again, honourable senators, listen to the way this thing is written. How can the Leader of the Government keep a straight face when he answers in that bland fashion trying to explain this outrage? It reads:

> Environmental concerns such as global warming, air and water quality and sustainable forests are being given priority.
>
> The excise tax on the environmentally friendly ethanol and methanol part of gasoline has been eliminated.

The deficit is down. Did the honourable senator see the figures this week as far as the deficit is concerned? Come on, there is not even an attempt here to be accurate or objective. My resentment stems not from the fact that this material was circulated, assuming Conservative party funds had been used to distribute it. Were that the case, that would be fair. It is not fair, however, when a loaded document of this kind is distributed to every homeowner in Canada at the taxpayers' expense. It is not fair, when many questions remain unasked; questions such as, "What do you think of the government's performance in this or that area?" Or "What do you think of the Prime Minister?" None of the answers to these questions appear here. All of the pamphlet's content is slanted to the credit of the Conservative Party of Canada. It is the first shot of the campaign, and I believe it is a disgraceful way to start.

Senator Murray: Honourable senators, my honourable friend believes it is the first shot in the campaign. That is clearly what rattles him.

All of the statements the honourable senator has just read into the record are totally factual. It is no wonder he is rattled, because the facts do support the government. But that is quite incidental to the purpose of that publication.

Senator Perrault: It is totally factual that over 10 per cent of Canadians are out of work today, with a particularly high percentage in the Maritime and Atlantic provinces. It is a fact of life that 500,000 manufacturing jobs have been lost in Canada since the beginning of this trade deal with the United States. That should rattle the composure of the Leader of the Government.

Senator Murray: Honourable senators, Senator Perrault has been on this hobby horse of the impact of the free trade agreement on the Canadian economy for some time. I presume he belongs to the Lloyd Axworthy, Maude Barlow faction of the Liberal Party, which is determined to tear up the agreement and walk away from it. In due course, the people of Canada will have an opportunity to pronounce on that matter as well.

I should simply state for the record that, since the implementation of the free trade agreement, Canada's share of United States' imports is up. Since the implementation of the free trade agreement our trade surplus with the United States is up. Since the implementation of the free trade agreement our high-tech trade surplus with the United States is up.

Senator Frith: Bankruptcies are up.

Senator Murray: Since the implementation of the free trade agreement Canada has had net investment inflows for the first time since the imposition of my friend's National Energy Policy. All of this is good news.

Senator Perrault: The leader of the government suggests that the members of the opposition should rejoice in the "factual" statistics and information contained in this pamphlet. Why is there no reference in this pamphlet to the fact that over 1 million children in Canada today are living in poverty? There is no mention at all of the single mothers trying to exist in this society. There is no mention of the great human problems afflicting this country. Those are also facts which the Conservative Party does not have the courage to face.

Senator Murray: Honourable senators, these are the very conditions that the government—and I would have thought honourable senators opposite—seeks to improve by means of a growing Canadian economy. Unemployment, regional disparity and the lack of skills in some sectors are all conditions that have been discussed in considerable detail at scores of townhall meetings across the country.

Senator Perrault: Organized by the Conservative Party.

Senator Murray: That publication seeks to report on some of the prescriptions that have been offered by ordinary Canadians coming out, as they have, in the hundreds to those townhall meetings to address the economic prospects of the country.

Of course, economic growth is not an end in itself. These people have come out to these meetings because they are concerned, as is the honourable senator, with the social problems

and the great social and human objectives that a growing economy will enable us to achieve.

Senator Perrault: In his laboured explanation for the issuance of this pamphlet, the Leader of the Government has demonstrated that at least he is a first-rate stand-up comedian.

EMPLOYMENT

ACCELERATION OF JOB CREATION PROCESS—GOVERNMENT POSITION

Hon. Jerahmiel S. Grafstein: Honourable senators, yesterday in an exchange with the Leader of the Government in the Senate he challenged this side to provide some ideas that might be different from the government's with respect to reducing unemployment this year.

Has the government considered accelerating forward its existing plans for the years 1992-93 and 1993-94 in capital infrastructure in order to create jobs this year?

Hon. Lowell Murray (Leader of the Government): I would invite the attention of my honourable friend to the references in Mr. Mazankowski's budget speech on that very subject of infrastructure. I can assure the honourable senator that we are doing everything possible to expedite the process alluded to by Mr. Mazankowski in his budget speech.

Senator Grafstein: To make it clearer to those of us in the opposition who are concerned about this issue, could the Leader of the Government set out for us, in a response to this question, the quantum of capital expenditures planned by the government for the next fiscal year and the fiscal year following and indicate how much of those two years are being accelerated into the present?

Senator Murray: Honourable senators, I am not sure I can provide that information in exactly the form in which the honourable senator would like to see it. These capital projects for 1993-94 or 1994-95 are somewhat speculative, even notional. However, I will obtain from my cabinet colleagues a report on progress with regard to the statements made by Mr. Mazankowski in his budget about infrastructure.

Senator Grafstein: I appreciate that. I take it that the Leader of the Government did not mean that the government's projections were somewhat speculative, because the government has laid down its fiscal plans for revenue and expenditures for the next two or three years. I assume those are not speculative; those are specific plans based on specific assumptions. It might be more useful if he could give us those figures and then we could come to our own conclusions.

Senator Murray: Honourable senators, again, I do not think I am in a position to place before the Senate the capital construction programs of the government for future fiscal years. We will do that for the present fiscal year.

Senator Grafstein: Honourable senators, based on my limited experience in government, every department of government has capital plans. The capital plans are not for one-year periods. The capital plans, for most departments, are for five years. It is true that, as you get to the third, fourth and fifth years, they are somewhat uncertain and somewhat speculative. But, clearly, for the next year or two those plans are pretty fixed and firm. At any rate, those are the numbers we are asking for. We would like an opportunity to see whether or not those numbers could be accelerated to the benefit of Canada this year so that they would not have to be spent next year when we hope the economy will start moving again.

[Senator Murray.]

Senator Murray: Now that the honourable senator has narrowed the focus somewhat, I will do what I can.

UNEMPLOYMENT INSURANCE PROGRAM

DEPLETION OF FUNDS FOR CURRENT YEAR—GOVERNMENT POSITION

Hon. Royce Frith (Leader of the Opposition): Honourable senators, we are less than three months into the 1992-93 fiscal year and I understand that training funds available through the Unemployment Insurance Program have already run out for the year. Would the Leader of the Government verify whether that is true?

Hon. Lowell Murray (Leader of the Government): Honourable senators, I saw the comments attributed to my cabinet colleague, the Minister of Employment and Immigration, Mr. Valcourt, but I have not yet had an opportunity to discuss these matters with him. I would want to get a fuller report before commenting on the honourable senator's question.

EMPLOYMENT

EFFECT OF FREE TRADE AGREEMENT ON RATE OF UNEMPLOYMENT—REQUEST FOR TABLING OF REPORT

Hon. Peter Bosa: Honourable senators, there was a headline in the *Toronto Star* over the weekend indicating that since the signing of the free trade agreement Canada has lost something like 1,400,000 jobs. Some economists attribute the loss of these jobs to the free trade agreement. Others say that the losses are partly due to the recession. Some others contend that some of these jobs were lost because of globalization.

In 1988 the Honourable John Crosbie, who was the Minister of Trade at the time, promised to table a report on the effects of the free trade agreement in January of 1989. Further reports were to follow every year after that. He did not live up to that commitment; nor did his successors.

Will the honourable gentleman see that a report is tabled in the Senate in order that we may find out what part the free trade agreement has played in these staggering job losses since the agreement was signed?

Hon. Lowell Murray (Leader of the Government): Honourable senators, I shall make inquiries about that matter. I want to remind the honourable senator that more jobs were

lost during the recession of the early 1980s, when there was no free trade agreement at all.

Senator Olson: What has that to do with his question?

Senator Murray: I am saying that the job losses to which the honourable senator refers were largely due to the recession, not to the free trade agreement.

• (1440)

Senator Olson: Do you really believe that?

Senator Bosa: Honourable senators, in raising that question it was not my intention to engage in political disputations. I only asked the honourable gentleman to clarify the situation. Since he is so certain that the disappearance of these jobs in the last four years is due to the recession, would he please bring the facts before the house so that we may know if that is the case?

Senator Murray: Honourable senators, I shall make inquiries on the matter that the honourable senator has referred to, namely, a commitment which he says the former Minister of International Trade gave with regard to the production of some documents.

ANSWERS TO ORDER PAPER QUESTION TABLED

VETERANS AFFAIRS—INDEPENDENCE PROGRAM

Hon. John Lynch-Staunton (Deputy Leader of the Government), tabled the answer to Question No. 57 on the Order Paper on February 12—by Senator Marshall.

ORDERS OF THE DAY

SPECIAL ECONOMIC MEASURES BILL

THIRD READING—MOTION IN AMENDMENT—VOTE DEFERRED

On the Order:

Resuming the debate on the motion of the Honourable Senator Kelleher, P.C., seconded by the Honourable Senator Marshall, for the third reading of Bill C-53, An Act to provide for the imposition of special economic measures.

And on the motion in amendment of the Honourable Senator Frith, seconded by the Honourable Senator Hébert, that Bill C-53 be not now read the third time but that it be amended in clause 7,

(a) on page 5, by striking out lines 41 and 42 and substituting the following:

"(a) five sitting days of that House after the order or regulation is made, *if the order or* regulation is made to implement a decision, regulation or recommendation of an international organization calling on its members to take economic measures against a foreign state, hereinafter in this section called an "economic-measures order"; or

(b) two sitting days of that House after the order or regulation is made, if the order or regulation is made in circumstances where a grave breach of international peace and security may result or has resulted in a serious international crisis, hereinafter in this section called an "international-crisis order";

(b) on page 6,

(i) by striking out lines 14 and 15 and substituting the following:

"(a) not later than the third sitting day of that House following the filing of the motion, in the case of an international-crisis order, or

"(b) not later than the sixth sitting day of that House following the filing of the motion, *in the case of an economic-measures order*,";

(ii) by striking out lines 22 to 24, inclusive, and substituting the following:

"section (3) shall be debated without interruption for not more than

"(*a*) *three hours, in the case of an international-crisis order, or*

(*b*) six hours, *in the case of an economic-measures order*,

or such longer period as that House may, with the";

(iii) by striking out line 41 and substituting the following:

"request shall, *in the case of an economic-measures order*, take up and consider the motion"

(iv) by striking out line 46 and substituting the following:

"that *six hours, in the case of an international-crisis order*, or three hours, *in the case of an economic-measures order*, or such longer period as";

(c) on page 7, by adding immediately after line 4 the following:

"(6.1) In the case of an international-crisis order, the House to whom the message has been addressed pursuant to subsection (5) shall, within the first four days after the message has been sent, take up and consider, in accordance with the procedure set out in subsection (6), the motion that is the subject of the message."

On page 5, by adding immediately after line 42 the following:

"(1.1) If a House of Parliament is not sitting when an international-crisis order has been made under section 4, the Speaker of that House shall, within

three days after the making of the order, forthwith recall the House."

Hon. James F. Kelleher: Honourable senators, as agreed last evening, we have carefully considered the interventions of colleagues on the perceived deficiencies of this bill as reported, and on the particular amendments proposed thereto.

Before taking up the details of the proposed amendments I should like to comment on certain misunderstandings of the import and intent of this bill.

First, regarding sanctions imposed by the government, "where the Governor in Council is of the opinion that a grave breach of international peace and security has occurred", I should like to recall for my colleagues the statement of the Secretary of State for External Affairs on the presentation of this legislation in the House. He stated:

> Bill C-53 is fully consistent with long-established Canadian foreign policy that has always treated the application of international economic sanctions as a very serious and exceptional measure. In applying economic sanctions, Canadian governments have been guided by three principles. Canada has sought a broad international agreement on the necessity and usefulness of sanctions. Canada has insisted that the burden of sanctions be shared among the countries imposing them and Canada has made every effort to avoid placing Canadian business and workers at a disadvantage in relation to its foreign competitors. Nothing in this bill requires departure from these long-standing principles of Canadian foreign policy.

These are indeed the principles which informed the drafting of the particular section 4(1), which has been the source of such speculation by my colleagues opposite.

Under what circumstances would Canada act unilaterally? It should first be pointed out that a prime consideration in imposing sanctions is that they be effective. In order to be effective, they require a broad measure of international consensus or, at a minimum, the consensus of like-minded countries with the international weight to induce the sanctioned country to change course. This is a practical consideration likely to induce any particular government to avoid the "grand gestures" or temptation to "take the lead and impress the world with our high moral standards". Any government, upon imposing frivolously the grave measures permitted by this bill, would face not only the wrath of Canadian citizens and their representatives but also the ridicule or censure—or perhaps worse, the indifference—of the international community.

Colleagues opposite have set great store by the remarks of the legal advisor of the Department of External Affairs before the Foreign Affairs Committee. It is perhaps inevitable that legal advice be quoted selectively, but permit me to simply reiterate what Mr. Mawhinney replied on that occasion. When asked whether the bill did not depart from the important political principle— that of requiring broad consensus before sanctions could be imposed—Mr. Mawhinney said:

[Senator Lynch-Staunton.]

> I would suggest that when we look carefully at the wording of that provision, we are speaking of a grave breach. It would seem to those who prepared this legislation that it would be only prudent to allow for circumstances where the government of the day determines that, because of that grave breach, certain immediate actions may be required, even if they are only of an interim character.

Such immediate action was required, for example, in the case of the Iraqi invasion of Kuwait, which took place on August 2, 1991. As is well known, the U.N. Security Council met and imposed mandatory sanctions on Iraq only on August 6. In the interim period, Canada was effectively without means to implement comprehensive sanctions despite the undoubted breach of international peace and the broad consensus that the international community should act.

I would point out that it is quite reasonable, considering past experience, that the U.N. Security Council would not have been able to act at all in this instance. Many other instances spring to mind in the past 40 years to date when the security council was stalemated and grave breaches were not even brought before council. I could cite Poland, Czechoslovakia and Hungary.

We have witnessed in the last few days a near perfect illustration of the particular instance in which Canada, without this legislation in place, is constrained from taking effective and timely international action. I refer to the severing of air links with Yugoslavia. Over several weeks there has been a growing international consensus that further sanctions against Yugoslavia were necessary. One such sanction was the suspension of landing rights for the Yugoslav national airline. In this instance, what the U.S. and various EC partners were able to do virtually instantaneously, and in anticipation of an emerging U.N. consensus and U.N. Security Council action, Canada was required to effect with unavoidable delay through the National Transportation Act. In advance of a U.N. Security Council decision on mandatory sanctions, Canada would not have been able, for example, to freeze Yugoslav assets in Canada.

As was mentioned when this legislation was debated for a second time in this chamber, disagreement among the permanent members of the security council has regularly prevented the U.N. from making effective use of mandatory economic sanctions. Notwithstanding the end of the Cold War, reservations held by some members of the security council about the use of economic sanctions promised to limit the ability of the security council to use them in the future, or to do so expeditiously.

The "grave breach" threshold is designed precisely to allow Canada to act in a timely fashion in rare situations of extreme gravity where measures must be taken unilaterally, pending action by the international community.

Questions about the lack of specificity of the expression "grave breach," which were addressed yesterday in this chamber, have already been canvassed at length in committee. In short, the criteria is well known in international law, being modelled on the language of Article 39 of the United Nations Charter. Given the variety of circumstances that could constitute a grave breach of international peace and security, and given the highly political nature of the determination required, it is not feasible to define the expression further, nor does it lend itself easily to judicial review.

Colleagues have also alluded to extensive discussion in committee on the issue of extraterritoriality. I would only repeat that the proposed Special Economic Measures Act would authorize, but not require, the government to adopt orders and regulations governing the activities of Canadians outside Canada.

I would point out that under the terms of the United Nations Act, which gives effect in Canada to UN mandatory sanctions, Canada is already obligated to adopt such orders with extraterritorial effect if the UN so decides. The proposed bill gives the Governor in Council this authority in other circumstances where international organizations so recommend or the international situation so warrants, but does not oblige us to do so.

However, I would note that without this capability, Canada would be in the invidious position of either not being able to comply with the resolution of international organizations to which it belongs or, in the case of Canadians in Libya or Iraq, to use two recent examples, and in the absence of UN action, not being able to take measures to deter Canadians from continuing to support regimes hostile to Canada and Canadian values.

In short, the second threshold for action, "international crisis," has been drafted to be of an exceptionally high nature, to be invoked only in rare instances in situations where the government feels compelled to act pending actions by the international community, as in the case of Iraq or, more recently, Yugoslavia, or in situations where the UN Security Council, despite a broad consensus of like-minded states, is unable to act.

None of the objections raised by my colleagues would merit, in the government's view, the suggested amendments to the bill as proposed. Several may, in fact, be termed merely vexatious in that although they would involve only minor amendments—i.e., increasing the required debate from three to six hours—would have the effect at present of delaying considerably passage of this bill. Others, as has been discussed in the other place and in committee, would seek to effect by statute that which house rules already provide for.

In brief, the proposed amendment on page 5, prescribing tabling before the house two sitting days after the regulation is made, is redundant. The bill already provides tabling within five sitting days. Would colleagues seriously propose delaying this legislation for the sake of three days? In most instances, it is in any case probable that regulations, once drafted and decided upon by the Governor in Council, would be laid before the house within the proposed time limit.

The same remark applies to the following proposed amendment. The bill currently reads "not later than the sixth sitting day," not precluding that the matter could be taken up "not later than the third sitting day."

Likewise, it is proposed that the bill be amended to provide for at least six hours of debate. It is precisely for this reason that the bill was amended to include the provision that the house may, by unanimous consent, extend the hours of debate.

At the risk of being repetitious, it would appear that the next amendment on page 7 is of a like character. The bill already allows consideration by the house within 15 days, not precluding that the debate might be taken up more expeditiously.

With regard to automatic recall of the house—referring now to the proposed amendment on page 5—when the house was not sitting, as was argued when similar proposals were made in the other place, House rules already provide for such eventualities, and we should not seek to effect by statute what Standing Orders already permit.

Furthermore, the proposed amendment would, in certain circumstances, such as the recent action to sever air links with Yugoslavia, have bizarre consequences. Surely colleagues would not wish the Parliament of Canada to be automatically recalled on the occasion of the imposition of a specific and relatively minor measure. This is enabling legislation permitting a wide variety of sanctions or a very restricted set of specific measures as the particular circumstances warrant.

There are many circumstances in which, I submit, it would be inappropriate to recall Parliament. One can well imagine, for example, a situation when the government wished to impose a progressive series of amendments or sanctions should the sanctioned state not respond to initial limited measures, but it would be inappropriate to recall Parliament to debate such a particular measure of that series.

In short, honourable senators, I consider the bill as drafted and as reported to this Chamber by committee to be sound and worthy of support by all senators.

Hon. John B. Stewart: Honourable senators, I have listened with great interest to Senator Kelleher's comments. He began by attempting to refute arguments that were not made here last night, arguments that were not made in the committee. As I said last night, there was general agreement in the committee on the principle of the bill.

I do not think that Senator Kelleher understands the importance of at least one of the amendments, the one that deals with assuring that the Houses are sitting to receive and examine orders made in times of crisis.

As background I want to say something about enabling legislation or delegation of powers. Some years ago, longer ago than I like to remember, the whole question of the delegation

of powers by Parliament was a very hot topic among Parliamentarians. It was said that delegation is an abrogation of the rule of law. By "law", of course, those critics meant law made by Parliament. They said that when you have Orders in Council, what you really have is the executive making law and that those orders ought not to be dignified by being called laws.

This was traditionally the position of conservatives. It was the tradition set forth by F.A. Hayek in *Law, Legislation, and Liberty*. This was the noninterventionist tradition. Now, all that has been forgotten by our Conservative government.

Let us look at the historic position of the Conservative party of Canada. The Conservative Party of Canada focused much attention on the question of enabling legislation, the question of the delegation of powers, during the Second World War. Again and again, year after year, the Conservative Party denounced government by Order in Council. And they did it after 1945. They did it throughout the 1950s. One has only to mention the names of the Right Honourable John George Diefenbaker and of Gerald Baldwin to be reminded of what I am talking about.

All that has been forgotten today. This bill, Bill C-53, we are told, is only "enabling legislation". We are also told that, while it provides a large bracket of discretion, it will only be used in a case of grave concern and necessity. The implication is, of course, that we would not want to call back Parliament when what was done was only of a minor nature at the other extreme of the bracket.

● (1500)

I am quite surprised that Senator Kelleher, for whom I have great admiration, would put before us the speech that he delivered this afternoon. As he says, the bracket of discretion that is being conferred upon the Governor in Council is very wide. It might indeed be that the orders made were of a minor nature. On the other hand, it might be that they were of a very serious and heavy nature. It is against the second possibility that we ought to provide safeguards.

What are the traditional safeguards? The traditional safeguards, when Parliament has delegated legislative authority, have been of two kinds: First, early tabling of the orders in the houses of Parliament; second, the examination of those orders by a parliamentary committee or a joint committee of both houses.

In this case, the bill does not deal with the situation that would prevail if the government of the day decided there was indeed a grave breach of international peace and security with all the implications that the bill mentions and which Senator Kelleher emphasized. "Very serious and exceptional" were the words that he used. The bill does not say that in such very serious and exceptional circumstances, the houses, if they were in adjournment, would be brought back. He did not deal with the possibility, as I mentioned, that a government might make important orders when both houses were away and

[Senator Stewart.]

might let weeks, perhaps months, elapse before the houses resumed their sittings.

I want to remind honourable senators of what happened in December of 1945 under the War Measures Act. The government of that day timed its orders very well. They made the orders under the War Measures Act, deporting natural-born Canadians of Japanese origin just at the beginning of the Christmas recess. Governments have a way of picking their times.

Instead of belittling these amendments, particularly the one to assure that the Houses of Parliament would be brought back in these serious, exceptional and grave circumstances, I should have thought that Senator Kelleher, speaking here this afternoon on behalf of the government, would have responded very differently from the way he has responded.

I believe the government has not put its mind to the important constitutional and parliamentary problem that is raised by this bill. As I said before, I detected in the committee no objection to the principle of the delegation. I detected no objection to that principle in what Senator Frith said yesterday, and I voiced no objection to that principle. All the amendment asks is that adequate arrangements be made for some form of parliamentary consideration.

The government has its majority. This bill will pass. The day may come when some government may bring in orders imposing economic sanctions without the umbrella of an international organization, on its own, in the period when the houses are in adjournment. What will we be told when we say, "Oh, no, that is not what members of the Senate were told in committee. That is not what we were told in the Senate. We were told the intention of the government was that these powers would not be used in that way".

Let us remember what Senator Murray said in his very important statement back in 1989 when he told us, in words I paraphrased here yesterday, that when we look at a bill such as this, we should look not at what the minister says are the intentions, and not at what the deputy minister says are the intentions, but at what the bill itself says.

Senator Murray: Excuse me. We were talking about a bill that was then 30 years old, if I am not mistaken, and I suggested to my friends opposite that they should look at what the Act said and at the way the Act had been implemented over the previous 30 years. That is important.

Senator Stewart: What is important?

Senator Murray: The amendment that I have just made to the honourable senator's statement purporting to quote me.

Senator Frith: Amendment or addition? You are amending what you said then?

Senator Murray: The amendment I made to the honourable senator's quotation.

Senator Frith: But he was quoting you. Are you amending what you said then?

Senator Stewart: I was paraphrasing.

Senator Murray: I was completing a statement which he quoted.

Senator Stewart: I was paraphrasing what Senator Murray said on that occasion. I did not refer to what he had said about the subsequent use of that particular act, because there was profound disagreement between us on how it had been used. His implication was that it had been used in conformity with the words of the act. Consequently what was decisive were the words of the act. That is why I emphasized the words in the act.

I do not think Senator Murray would rise in his place now—I invite him to correct me if I am wrong—and say that it is the intentions of the minister and the stated intentions of the deputy minister to which we ought to pay attention rather than the very words of a bill? Would he say that?

Senator Murray: Honourable senators, the words of the act are the truly important and decisive factor that the honourable senator should take into consideration, and he is doing that. He will take them into consideration in the light of statements made by the minister and by the spokesman for the government in this place. I hope he will take both into consideration and weigh them carefully.

After the honourable senator quoted me last night, I sent for my 1989 speech because I wanted to see in what connection I had made that statement. I found that the argument we were having was about a particular word that had been used by Mr. Donald Fleming and Mr. W.C. Clark in testimony given to a parliamentary committee in 1958.

• (1510)

The word was "urgent". It turns out that while there had been some suggestion that that word should find its way into the act, it did not so find its way. Therefore, I thought that it was more important in that case to read the act than to read the words of the minister and the deputy minister.

Senator Stewart: I do not think we should get bogged down with that old disagreement.

The point remains that we now have a bill which confers upon the Governor in Council very broad discretionary powers. Assurance was given to us in the committee that a government would never think of misinterpreting the expression "grave breach"; that a Canadian government would never think of using the extraterritorial powers improperly. We are supposed to rely upon the intention of future governments when we confer upon those governments these broad and extensive powers.

Senator Murray: That was not Senator Kelleher's case, to be fair. He was not asking the Senate simply to act on the intentions stated by the minister and his officials before the parliamentary committee.

He told the Senate, for example, that the term "grave breach" has a particular meaning in international law and in the United Nations charter. He was not asking you to rely upon some declaration of pious intention.

Senator Frith: But a very subjective one.

Senator Stewart: That is the line of argument that was put to us in the committee. Notwithstanding that, there was uneasiness. The committee was unanimous in accepting the principle that the delegation should be made, but the amendments now before the Senate would provide stronger safeguards against misuses—contrary to the intentions of the present government—of the authority now being sought from Parliament.

Senator Murray: There are safeguards in the bill.

Senator Stewart: Yes, there are.

Senator Murray: The disagreement between us is about their adequacy or otherwise.

Senator Stewart: Exactly. The principal disagreement concerns the situation where the Houses of Parliament are in adjournment. Such adjournments might go on for weeks, indeed for months, and a government, even a minority government, might use this act to introduce economic sanctions with both very serious international and domestic implications.

It emerges that there is a disagreement between Senator Murray and myself on the desirability of having Parliament present, if a government decides to make Orders in Council to impose sanctions in the case of a "grave breach". He feels that the present and future governments do not require the surveillance of Parliament. He disagrees with the stand that Sir Winston Churchill took in 1939-40 with regard to the reassuring presence of Parliament. I, on the other hand, stand with Sir Winston Churchill.

Hon. Royce Frith (Leader of the Opposition): Honourable senators, we have been speaking today about the amendments. I should like to remind honourable senators what the amendments propose. They propose a larger role for Parliament in circumstances where the government unilaterally imposes sanctions under the act with, as Senator Stewart says, important international consequences. However, remember we are here to represent the interests of the people of Canada and these sanctions can have extremely important consequences for domestic industries and for the people of Canada. That is what we are talking about.

Senator Kelleher, as has been pointed out by Senator Stewart, in effect assured us that the government would not go off on a frolic of its own, or if it did it would be in very rare circumstances, because, as he points out, this is international action that is being taken. Therefore, one would assume, as he says, that the international community would share Canada's concerns and it would be unlikely that Canada would go off on some frolic of its own with these wide international and domestic consequences.

In fact, he made that case so strongly that he convinced me that the amendments are inadequate and that we should properly take out the power entirely, remove it completely, if it is so unlikely that it would ever happen.

Senator Kelleher: Are you proposing another amendment?

Senator Frith: No, I am not, but you did, sir, or at least you led us up to the suggestion that perhaps we should have another amendment. Perhaps you are. I never thought to ask. Perhaps Senator Kelleher was proposing that we remove this provision, because, in my view, he has convinced us that the whole idea of Canada acting unilaterally is so exceptional and so bizarre that probably we do not need it in there at all. He did not give an example of when it would be justified. In that sense, he led an argument in support of an amendment removing the unilateral power entirely. Unfortunately, he did not speak to the amendments proposed here, which do not remove the power the government is seeking under this act.

All that is being suggested is that, in this bizarre, unusual, not-normal-by-any-means situation, Parliament should have a larger role. That is all that is being asked for in the amendments.

The suggestion is that there is some wish to delay this legislation. These amendments ask for a larger role for Parliament. They do not propose denying the government the power it is requesting, but ask for a larger role for Parliament in admittedly exceptional circumstances. Nevertheless, they were described as vexatious; it was vexatious for Parliament to ask for a bigger role.

I find that another sad example of how irrelevant Parliament is becoming. Any government with a majority in the House of Commons can get everything it wants, and what can Parliament do? Nothing. It can talk, but not for very long. It can only talk for a limited period of time—as long as the government wants to let it talk. It used to be that that did not apply in the Senate, but now it also applies in the Senate. What are we here for? Even in a situation of this kind, described as rare and unusual, where Parliament says, "We are Parliament. Admittedly we are not the government. We are not the Prime Minister. We are just Parliament, but we want a role", the government says no. We now understand that Parliament does not mean very much anymore. We go through our motions. It is almost a fraud to imply that we have an important role because in fact there is nothing we can do except go along with what the government wants—a government; not just this government, any government.

We can appreciate a case where the government wants to take international action by way of sanctions when it has to implement a decision made by an international body. Even Parliament understands that is something the government needs the authority to do. It has decided, and Parliament has approved, we assume, membership in this organization. If the government wants to make some sanctions effective, we should ensure that it is able to fulfil our obligations under the agreement.

[Senator Frith.]

● (1520)

However, you are saying that you want a government, any government, to be able to impose sanctions—which are very serious internationally and domestically—without any reference to whether other states are of the same mind. In that case Parliament will say that if you are not relying on the decision of an international organization, you should come to Parliament. Make sure that you recall us, because we would like to talk about it. You yourself are saying that the only circumstances under which you can act alone is when the situation is grave, serious and important. So if it is grave, serious and important—and those are the only circumstances in which it can be done—you should call us back and shorten the time required to consult with Parliament.

What are we told? "That is vexatious." "Who do you think you are, Parliament, asking us, the government, in these rare and unusual circumstances, to consult you?" "This is big time stuff; this is not the kind of stuff for Parliament to be concerned about." "Back into your sandbox!" "Who asked you to get out of your sandbox and actually get involved in something important?" Remember, by the government's own definition, it is only in terribly important cases that they would impose sanctions unilaterally.

Parliament will say, "If it is so all-fired important, then should you not involve Parliament?" "Oh, no; it is too important for you." Vexatious!

I say to my colleagues, do not get too big for your britches. Back into the sandbox! This stuff is too important for Parliament to be involved in.

Honourable senators, we mean to proceed with the amendments, audacious and cocky though that might be.

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

Some Hon. Senators: No.

Some Hon. Senators: Yes.

The Hon. the Acting Speaker: Will those honourable senators in favour of the motion please say "yea"?

Some Hon. Senators: Yea.

The Hon. the Acting Speaker: Will those honourable senators opposed to the motion please say "nay"?

Some Hon. Senators: Nay.

The Hon. the Acting Speaker: In my opinion, the "nays" have it. I understand that the vote is to be deferred.

Senator Frith: Have you agreed on a time?

Hon. William M. Kelly: We agreed on tomorrow.

The Hon. the Acting Speaker: The vote is deferred until tomorrow at 5:30 in the afternoon.

An Hon. Senator: Why 5:30?

Senator Kelly: This is a deferred vote, and I understand it is called for 5:30. However, if leave can be given for it to be called earlier, that would suit this side of the Chamber.

Senator Frith: Leave can be given for anything.

Senator Kelly: Is 3 o'clock agreeable?

Hon. Jacques Hébert: Agreed.

The Hon. the Acting Speaker: The vote is deferred until tomorrow at 3 p.m.

NATIONAL DEFENCE ACT

BILL TO AMEND—THIRD READING

Hon. John Lynch-Staunton moved the third reading of Bill C-77, to amend the National Defence Act.

Motion agreed to and bill read third time and passed.

[*Translation*]

AIRPORT TRANSFER (MISCELLANEOUS MATTERS) ACT

BILL TO AMEND—SECOND READING—ORDER STANDS

On the Order:

> Resuming the debate on the motion of the Honourable Senator Simard, seconded by the Honourable Senator Doyle, for the second reading of Bill S-11, An Act to amend the Airport Transfer (Miscellaneous Matters) Act.

Hon. Royce Frith (Leader of the Opposition): Honourable senators, I told you yesterday that I was planning on speaking on this bill today, but I am not quite ready yet. Therefore, I propose to adjourn the debate on this order until tomorrow.

Order stands.

[*English*]

CORRECTIONS AND CONDITIONAL RELEASE BILL

SECOND READING

On the Order:

> Resuming the debate on the motion of the Honourable Senator Di Nino, seconded by the Honourable Senator Oliver, for the second reading of Bill C-36, An Act respecting corrections and the conditional release and detention of offenders and to establish the office of Correctional Investigator.

Hon. Earl A. Hastings: Honourable senators, I welcome the opportunity to participate in a discussion of this bill which has been presented to us by Senator Di Nino, an act respecting corrections in Canada.

I welcome the honourable senator now occupying the Chair. I know that in him I will have a very attentive listener today.

Honourable senators, in introducing the bill before us, Senator Di Nino engaged in the spin that has been given these bills by invoking the protection of society as the goal or the purpose of this proposed legislation. It reminded me of another day and another Solicitor General in this Chamber, honourable senators. The Honourable Senator Kelleher stormed in here as Solicitor General on that day, July 2, 1986. The Honourable Senator Murray will have occasion to remember that day. It was the first day that he occupied the position he now holds.

On that occasion we had other bills, Bill C-67 and Bill C-68, which were brought here by a Solicitor General, again—you guessed it —for the protection of society. At the time he introduced those two bills, the Solicitor General said that they were "the best possible effort to provide for the safety of Canadians." He called upon us "to stand with the vast majority of Canadians in saying we will do everything in our power to stem the tide of needless violence." "We bring in this legislation to protect the public. We have deep concerns for the safety of the public."

That was six years ago, and what has been the result of that great crusade to protect the public? Honourable senators, the rate of violent crime in the last decade has increased by 52 per cent; sexual assaults have increased by 144 per cent, while non-sexual assaults have increased by 57 per cent, as a result of the great crusade at that time to protect the public.

There was a parole officer in Saskatoon at that time who said that Parliament was "only tinkering"—the implication being that if it did not work, we could tinker again later.

Honourable senators, after six years and with another Solicitor General, we are back tinkering again. The only comment that this Solicitor General could make with respect to that act, after examining its performance during the past six years, was to say that it had been implemented as planned.

● (1530)

Honourable senators, he said not a word about the protection of society, not a word about any useful purpose those two acts ever served in the six years with respect to the protection of society. He simply said that it had been implemented as planned.

So the minister brings us another bill, and in introducing that legislation he says:

> The whole focus of what we are doing is protection of society and public safety. This bill reflects the government's determination to restore public confidence in the corrections system.

That is what they were doing in 1986. When Senator Di Nino introduced the bill—and he must have the same speech writer—he said:

> "... the protection of society [will] be the paramount consideration ..." in the corrections process and in making conditional release decisions.

So the "protection of society" now is the challenging phrase of the government. Perhaps they took it from the Parole Board. The Parole Board, when it issued its mission statement, indicated that it, too, is dedicated to the protection of society. It asserted that "by facilitating the timely reintegration of offenders as law-abiding citizens we contribute to the protection of society".

Not to be outdone, the Correctional Service of Canada states in its mission statement:

> The Correctional Service of Canada, as part of the criminal justice system, contributes to the protection of society by actively encouraging and assisting offenders to become law-abiding citizens, while exercising reasonable, safe, secure and humane control.

The public could be forgiven for their concern in wondering, with all this protection, why there has been this increase in violence of 57 per cent over the years. The bill we have before us contains not one word, one phrase, one section or one clause that will make any material contribution to public safety in this country. The Canadian Bar Association had it correct in its evidence when it said:

> The introduction of Bill C-36 followed the lengthy process of study described in the introduction. The contents of the bill unaccountably repudiate the serious and time-consuming work which preceded it. The bill ignores the recommendations of the Sentencing Commission, the Daubney report, the Correctional Law Review and the extensive consultations on the green paper. In doing so it mocks the extensive time, energy, creativity and resources which have been devoted to this development process. It is a major step back from the government's own green paper, since it ignores the need for integrated reform of sentencing, corrections and conditional release recognized in Directions for Reform and proceeds [simply] with reform of corrections and conditional release . . .

In evidence at the hearing of the committee of the other place, the witness for the Canadian Bar Association said:

> There's absolutely no question about it. It is totally political, totally designed to look at emotional responses on the part of the public so that you can say "we're getting tough on prisoners parolees", ignoring all the recommendations as we have said that is our view.

The press release accompanying Bill C-36 amounts to little more than a public lie. One is further repulsed by the fact that those who have been lead to believe that the legislation will result in substantial increases in incarceration of "dangerous" or, for that matter, any other offender, have also been lied to. The bill does nothing for public protection. You do not gain public confidence by telling people you will not parole offenders who are not presently being paroled. You do not gain public confidence for corrections by saying that you will keep dangerous offenders in for more than half their sentence, when they are being kept in for more than half their sentence presently. That is why I say it amounts to a fraud on the people of Canada.

Worse than that, one of the basic principles of corrections over the years has been the attempt and the success we have had in removing from the corrections system revenge and retribution. But this bill, under the section on victims, literally enshrines retribution and vengeance by permitting the victim to be present at the parole hearing and, as Senator Di Nino proudly exclaimed, "have an impact on the release of the inmate".

Honourable senators, a victim in our society being grieved by an incident in society is entitled to all the consideration it is possible to render by the community to the victim. The victim has to be listened to. The victim has to have an opportunity to tell his story over and over again. He has to be assisted through a period of grieving. But all the concern of that victim does not license the victim to harass and harangue the offender through his period of incarceration and be present at any future hearing when release may be considered.

Victims must become survivors. Inmates must become ex-inmates. We cannot continue to focus on the event if we hope to have any healing whatsoever with respect to the open sores that exist with respect to the offense. This bill appeals to those who regard justice only as retribution. Any attempt to rehabilitate or concern ourselves with the offenders is regarded as coddling criminals.

With respect to victims, Mr. Justice O'Driscoll of the Ontario Supreme Court recently ruled that a victim's impact statement can only be considered for the purpose of determining the sentence to be imposed. He said:

> Thus, the Victim Impact Statement is something to be presented to the judge while she/he is hearing evidence and submissions prior to the imposition of sentence.

It is too bad the government could not listen to Mr. Justice O'Driscoll. That is when the victim is entitled to be heard. That is when the Court, as our representative, is entitled to consider the impact on the statement in passing sentence. We all have a concern for the victims in getting them through this period of trial and terror, but in our concern we do not grant authority, as I said a moment ago, to harangue and harass offenders after their sentence and until they are released from custody.

This is the constituency to which the minister appeals.

The clause of the bill which grants judges the authority to delay parole eligibility for certain violent offenders until half their sentence is served is being broadcast as a move to be tougher on serious violent offenders, but it is not new. Statistics indicate that violent offenders presently serve an average of 47 per cent of their sentence before being granted parole. The violent offenders are serving 66 per cent of their time, or

[Senator Hastings.]

probably 100 per cent of their time. Therefore to tell the public that we now intend to make violent offenders serve half their time is a fraud. The fact is that they are serving much more than that time now. Chopping parole restrictions for those who do not get parole in any event is a shameful deceit of the public.

The minister made a great pronouncement that he intends to add drug offences and sex offences against children to the list of serious offences. The fact is that the Commissioner of Corrections now has authority to detain any inmate at any time until completion of a sentence. He does not need to have recourse to the offences listed on Schedule I. The minister has added these two offences for publicity purposes. He says he is improving the legislation, but the fact is that the Commissioner of Corrections can hold any inmate in custody at any time, regardless of his offence, provided he has reason to believe that the inmate will re-offend and be a danger to society.

We have discussed holding these inmates until the final day of their sentence. The Parole Board, in its own words, says:

> Unconditional release at the end of the inmate's sentence neither protects society nor allows for control, supervision, or guidance.

Therefore holding them to the end of their sentence offers no safety for society. The Parole Board continued:

> Experience has shown that offenders who are part of a program of gradual release from imprisonment do much better than those released into the community at the end of their sentence.

Yet the minister holds out as a great virtue detaining inmates until the end of their sentence, even though the Parole Board itself says that is not the way to do it.

Honourable senators, this legislation dealing with the correctional aspect of institutional life, such as the placement of inmates, transfers, search and seizures, disciplinary procedures, et cetera, is only a codification of what has been going on for years. It also restates much of the Penitentiary Act, the act it is supposed to be replacing due to antiquity. The government has presented this bill to the public as new and modern and as a reformed piece of legislation, despite the existence of much of its substance since prisons were created in Canada.

We are asked to believe that Part I of the legislation is a meaningful and substantive change. It is not a reform. It is not a change of the system, which is desperately needed. It is a game; it is mere tinkering.

The minister says "We intend to get tough on parole." At present, honourable senators, an inmate has to serve one-sixth of his sentence in order to become eligible for parole. The minister says "We are going to get tough on inmates. We will make them serve one-half of one-third before they are eligible for parole." Honourable senators, one-half of one-third is still one-sixth, but we are getting tough.

The minister says that inmates cannot have day parole until six months before their parole eligibility date. The present procedure is to not grant day parole until six months prior to the parole eligibility date. That is no change. It is exactly the same as it has been.

Then they cart forward the temporary absence program. They hired a group of their friends to examine a program that is 97 per cent successful and they bring forward a report saying that it was a successful program in most cases. Granted there was a 3 per cent failure rate, but overall it was a very positive correctional program. However, the minister intends to tighten it up.

At present, a temporary absence may be granted for medical, humanitarian or rehabilitative purposes. Under Bill C-36 we are going to tighten up. It will now be granted for medical, compassionate—including parental responsibility — administrative, community services, personal development, rehabilitative purposes and family contact. We have tightened up on temporary absence.

The government has found a new program and I commend it for that. Under work release, the Commissioner can release an inmate on a work release program for up to 60 days. This is not new, honourable senators. It was part of the correctional process back in the 1970s. It has been dug up and we are about to try it again. It worked then, to a certain extent. However, there were some failures and it was promptly turned over to the Parole Board and cancelled. We have dug it up again. So while we are allegedly toughening up on temporary absence, we are about to institute work release programs of up to 60 days, granted by the Commissioner of Penitentiaries.

Senator Di Nino made a great statement with respect to how the Correctional Investigator would now be legislatively installed. The fact is, honourable senators, that the Correctional Investigator will have not one iota of authority that he does not already have. True, he will have legislative authority which will give him the power to report to the minister, who will, in turn, report to Parliament.

Honourable senators, meaningful reform could have been introduced with respect to the Correctional Investigator. He could have been appointed as an officer of Parliament with authority to report to Parliament, not to a minister, and he could have been given authority to investigate the death or wounding of an inmate in custody. However, the Correctional Service does not wish to surrender that authority. They enjoy too much inspecting themselves. It is much easier for the brotherhood to inspect the brotherhood than it is for a Correctional Investigator to enter a penitentiary and, at arm's length, carry on an investigation.

Honourable senators, the government has again made a sacrifice to expediency in promoting a shallow, deceitful, public relations campaign with respect to violence in society. At the same time, this bill confirms and promotes all of the myths which make serious, constructive and worthwhile reform and

progress impossible. I urge honourable senators to reject this bill at second reading.

Hon. Consiglio Di Nino: I move, honourable senators—

The Hon. the Acting Speaker: Honourable senators I wish to inform the Senate that if the Honourable Senator Di Nino speaks now, his remarks will have the effect of closing debate on the motion for second reading of this bill.

Senator Di Nino: Honourable senators, I would like to make a couple of comments on Senator Hastings' remarks. Before I do that, I would like to offer my respect and admiration to Senator Hastings for his legendary championship of the rights of inmates. It is very commendable. It is important to state also that Senator Hastings, in his comments, is obviously being very selective in pursuing his points of views as opposed to reading all of the message that not only I but others have given on this issue.

During his remarks Senator Hastings left me with some confused messages. I am not sure whether he was praising the government for not having made some changes or criticizing the government for not having made some changes.

In his comments about the statistics concerning the increase in crime rates and, in particular, concerning sexual assaults since 1986, I am not sure whether he was suggesting that we should have left things alone and let them keep on increasing or come up with some legislation which, hopefully, will address some of those issues and reduce the frequency of those crimes.

He also talked about people who are looking for revenge as opposed to rehabilitation. I do not see that in this bill. What I see in that particular area, honourable senators, is an attempt to distinguish between violent and non-violent criminals. He knows well that Schedule I and Schedule II deal with offences of a nature such as incest, sexual exploitation, bestiality, corrupting children, attempt to commit murder, assault, sexual assault and aggravated assault. It also deals with what I have previously called some of the scum of this earth—that is, the worst kind, namely, the drug offenders; those who traffic and import drugs for trafficking; those who cultivate drugs; and the laundering of proceeds of drug moneys. This bill distinguishes between those kinds of criminals and those who are not violent. This bill treats the non-violent ones a little more humanely.

Senator Hastings talks about the rights of victims as if they should not exist. Senator Hastings must be joking when he talks about that. The victims, after all, are the people who suffer. In my opinion they should have the right to express their views up to the time that an inmate is being considered for parole. The tragedies, the hurt, the destruction of all human dignity that criminals create in the lives not only of victims but also of their families cannot be taken lightly.

Finally, I should like to suggest that Senator Hastings and those members opposite do not have an exclusivity to righteousness. They are sometimes wrong as well.

In this case, honourable senators, Senator Hastings is wrong on a number of points. I invite him, as well as the rest of our honourable senators, to join with us in our deliberations of this legislation in committee, where the questions raised by Senator Hastings, as well as the definitions and meanings of some of the clauses that he questioned, can be fully explored through expert witnesses.

Senator Hastings: Honourable senators, could Senator Di Nino explain his phrase "scum of the earth"? Which inmates did you put in that category?

Senator Di Nino: I was talking about those who traffic in drugs and those who gain from trafficking in drugs.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

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

On motion of Senator Di Nino, bill referred to the Standing Senate Committee on Legal and Constitutional Affairs.

TIBET

THIRTY-THIRD ANNIVERSARY OF NATIONAL UPRISING—ORDER STANDS

On the Order:

> Resuming the debate on the inquiry of the Honourable Senator Di Nino, calling the attention of the Senate to the thirty-third anniversary of the Tibetan National Uprising.

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, we cannot let this item just stand. It should stand under the same conditions as yesterday—that is, as previously ordered to do so, if Senator Frith wants to speak on it.

The Hon. the Acting Speaker: Is it agreed, Honourable Senators?

Hon. Senators: Agreed.

Order stands.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Wednesday, June 3, 1992

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

Prayers.

SENATORS' STATEMENTS

GENERAL ELECTION

NUMBER OF DAYS LEFT IN CURRENT TERM

Hon. Royce Frith (Leader of the Opposition): Honourable senators, according to election Big Ben, the democrats have 171 days left and the cowardly and contemptuous have 557 days, as of Wednesday, June 3, 1992.

Senator Doody: Bong.

ROUTINE PROCEEDINGS

[*Translation*]

PRIVATE BILL

GREEN SHIELD CANADA PREPAID SERVICES ASSOCIATION—SIXTEENTH REPORT OF COMMITTEE PRESENTED

Hon. Jean-Marie Poitras, Chairman of the Standing Senate Committee on Banking, Trade and Commerce had the honour to present the following report:

TUESDAY, June 2, 1992

The Standing Senate Committee on Banking, Trade and Commerce has the honour to present its

SIXTEENTH REPORT

Your Committee, to which was referred the Bill S-10, an Act to incorporate the Green Shield Canada Prepaid Services Association, has, in obedience of the Order of Reference of Friday, May 22, 1992, examined the said Bill and has agreed to report the same with four amendments:

1. *Page 1, Long Title:* Strike out the Long Title and substitute the following:

"An Act to incorporate Green Shield Canada"

2. *Page 3, clause 3:* Strike out lines 28 and 29 and substitute the following:

"ration entitled Green Shield Canada."

3. *Page 5, clause 10:* Strike out lines 42 to 44 and substitute the following:

"distribute to The Green Shield Canada Foundation, a body corporate incorporated under Part II of the *Canada Corporations Act*."

4. *Page 13, clause 18:*

(a) Strike out lines 15 and 16 and substitute the following:

"(e)Green Shield Canada."

(b)Strike out lines 34 and 35 and substitute the following:

"calendar year by Green Shield Canada from its pre-"

Respectfully submitted,

JEAN-MARIE POITRAS
Chairman

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

On motion of Senator Poitras, report placed on the orders of the day for consideration at the next sitting of the Senate.

UNEMPLOYMENT INSURANCE ACT

REPORT OF SPECIAL COMMITTEE ON BILL C-21 TABLED

Hon. Jacques Hébert: Honourable senators, pursuant to Rule 105 of the Rules of the Senate, I have the honour to table the report of the Special Senate Committee on Bill C-21 regarding the expenses incurred by the Committee during the second session of the 34th Parliament.

(*The list of expenses is included in today's Minutes of the Proceedings.*)

GOODS AND SERVICES TAX

PRESENTATION OF PETITIONS

Hon. Jacques Hébert: Honourable senators, I have the honour to present petitions signed by 200 residents of the Province of New Brunswick—for the enlightenment of the senator from New Brunswick who seems distracted!—Indeed, 200 residents object to the goods and services tax.

Most of these petitions are from Fredericton, St. John, St. George and Grand Bay.

Hon. Royce Frith (Leader of the Opposition): Honourable senators, I have petitions of the same kind; these petitions are exclusively from Quebec today. There are 15 petitions and 323 signatures.

[*Translation*]

THE SENATE

RESEARCH FUNDS—STUDY COMPLETED—NOTICE OF INQUIRY

Leave having been granted to revert to Notices of Inquiries:

Hon. Arthur Tremblay: Honourable senators, things went so fast and I was a bit distracted, therefore, I missed the item I wanted to discuss.

In any case, honourable senators, I thank you for allowing me to simply say that next Friday, June 5, 1992, I will draw the attention of the Senate on a study done thanks to the research funds that the Senate makes available for its members.

[*English*]

CHRISTOPHER COLUMBUS

500TH ANNIVERSARY OF DISCOVERY OF AMERICA—NOTICE OF INQUIRY

Hon. Peter Bosa: Honourable senators, I give notice that I will call the attention of the Senate to the 500th anniversary of the landing of Cristoforo Colombo—or Christopher Columbus as we know him—in the new world.

QUESTION PERIOD

THE ECONOMY

STATEMENT OF MINISTER OF FINANCE TO IMF CONFERENCE—GOVERNMENT POLICY

Hon. H.A. Olson: Honourable senators, I have a question for the Leader of the Government in the Senate based on a statement made by the Minister of Finance to the International Monetary Fund Conference in Toronto yesterday. His comments were similar to what the Leader of the Government has been telling us for several weeks now.

The Minister of Finance stated that there are some "encouraging economic signs in Canada . . . although high unemployment and weak consumer and business confidence are still clouding the outlook." He further stated that our objective must be to get our economy going and keep it going. That is great. I agree with those sentiments. It seems that the Minister of Finance is saying what Senator Murray has been saying for a long time, that we are "already poised", but we never seem to get started.

The government should understand what the problem is. Interest rates have been going down. They are now down at what they were 20 years ago and they will probably go down again tomorrow. What is the problem with business and consumer confidence? Business does not want to borrow money and go into debt and then have the government club it with a monetary policy that will raise interest rates until all the inflation that might be created by increased business activity is knocked out of the economy.

That is what happened the last time business borrowed and invested. Interest rates were 8.5 per cent and 9 per cent, but before businesses could even get started the prime rate went up to 14.75 per cent. People who have been through that will never get caught in that situation again.

● (1410)

Another point to bear in mind is that consumers will not be willing to go into debt using credit cards with interest rates of 18 to 24 per cent until this government gives them some assurance that it will not use a blunt instrument like monetary policy to knock off all the increase in economic activity that may come from it.

You continue to say, "We are poised to go", but you never get started. People are not going to walk into that trap again.

Senator Barootes: What was the question?

Hon. Lowell Murray (Leader of the Government): Honourable senators, my cabinet colleague the Deputy Prime Minister and Minister of Finance spoke, as Senator Olson just mentioned, to the International Monetary Fund meeting in Toronto.

It will be instructive and encouraging to the honourable senator to know that the IMF projected in April that Canada's economic growth, measured in real gross domestic product, would be 2.3 per cent in 1992, rising to 4.9 per cent in 1993.

Senator Frith: Does it say anything about unemployment and bankruptcies?

Senator Olson: When is it going to get started? You are just poised to go all the time.

Senator Murray: The Honourable Senator Olson asks when it is going to get started. I am here to tell him that it has started. It has started in a very encouraging and pronounced way.

Yesterday, we heard from various honourable senators about manufacturing and manufacturing employment. Let me tell the honourable senator that manufacturing employment rose by 34,000 in the month of April.

Some Hon. Senators: Hear, hear!

Senator Murray: Let me tell the honourable senator that new motor vehicle sales rose by 2.6 per cent in April.

Senator Perrault: Rose from the ashes!

Senator Murray: Housing starts rose by 7.6 per cent in April.

Some Hon. Senators: Hear, hear!

Senator Murray: Real exports were 3.7 per cent above their level in the fourth quarter of 1991. Real exports rose by 3.7 per cent in the first quarter of 1992. Wholesale trade rose by 0.8 per cent in March.

My honourable friend speaks about business confidence, quoting from Mr. Mazankowski. Mr. Mazankowski, as usual, understated the case in speaking of the improvement in the Canadian economy. I want to tell the honourable senator that the index of business confidence increased by 16.1 per cent in the first quarter of 1992.

Senator Frith: What part of the index?

Senator Murray: All components of the index increased. Capacity utilization rose. The climate for investment was seen to have improved, and firms expressed more optimism with respect to their financial outlook.

When I tell the honourable senator that the IMF has predicted a 2.3 per cent growth in real GDP this year in Canada, rising to 4.9 per cent growth next year, the honourable senator asks when it will start. I have just told him and showed him how it has started and will not be reversed.

Senator Olson: I can hardly believe what I have just heard. This is the indicator of a healthy economy according to the Tory gospel. Is that what you mean by a healthy economy? Is that what is happening now?

I heard him say something that I think he had better get his researchers to re-research. He said new automobile sales are up. Is there any increase in the automobile manufacturing industry? That is where—

Senator Barootes: They are putting in overtime in manufacturing motor cars.

Senator Olson: Maybe what you did was import a few more with your free trade policy. If that is the Tory description of a healthy, growing economy, I would point out that there are about 75,000 unemployed workers in the oil business in Alberta who are not impressed by that description. I could talk about southwestern Ontario, with respect to which I have the numbers. However, I am talking about the region from which I come.

What is this government doing to alleviate this situation? Is it going to let it—

Senator Barootes: Do you want the NEP back?

Senator Olson: We want back a government that can govern Canada. What this government is doing is opting out of government. It says that everything will be dependent upon something called the market.

Senator Simard: Are you looking for the Social Credit Party?

Senator Olson: All that means is that the people around the Persian Gulf decide what the employment rates in Alberta will be. Is that the government's answer to the way in which it will govern Canada? Even the Minister of Finance had the decency to say that we want to get the economy going. The Leader of the Government in the Senate says it is already going. But the Minister of Finance said, "Our objective must be to get our economy going and keep it going."

What we need from this government is the assurance that I asked for a minute ago, namely that it will not clobber everyone who takes on any debt by using monetary policy to kill their enterprises. When will it announce that type of policy?

Senator Murray: Honourable senators, I am in a position to announce that the policy we have been following for some years has paid off handsomely. The honourable senator is not satisfied when I tell him, as I told him a few moments ago, that exports are up, that real GDP is going up, that new motor vehicle sales are going up, that new housing starts are up and that employment in manufacturing is up—all of this in April. The honourable senator is not satisfied with those as indicators of economic growth.

What can I add? I can tell him, for example, that the 12-month inflation rate in the month of April was 1.7 per cent, the lowest it has been since 1964.

Senator Molgat: And unemployment is going up every week!

Senator Murray: I wonder whether the honourable senator would not agree that a low inflation rate, the lowest since 1964, is not in itself a powerful contributor to economic growth. The bank rate went down by 17 basis points a week ago. It is now at 6.33 per cent—the lowest level since 1973. Is it any wonder that the index of business confidence rose by 16 per cent in the first quarter of this year? These are the conditions precedent to a sustained and prolonged economic growth.

If the honourable senator wants some more, let him look up the productivity figures. He may find those figures in the same newspaper he was reading. If they are not in that edition, he will find them in a recent edition. They show that productivity growth in Canada is stronger now than it has been at any time since the Second World War. That is the result of the policies of this government.

Some Hon. Senators: Hear, hear!

Senator Olson: Honourable senators, now we are satisfied that we have an explanation of what are the Tory government's policies and objectives. What we see now in the economy is that they have set right their fundamentals, as they call them, so that we have a record number of bankruptcies.

Canada is experiencing the highest unemployment rate in at least a decade. Food banks are flourishing everywhere. There is unemployment amongst lower income people and poverty amongst children. Unemployment and poverty are at the highest levels Canada has known since the Second World War.

What is the objective of this government? Is it to deliver the economy to that state? I think you should change your objective.

The Bureau of Statistics stated yesterday that they expect unemployment to remain at about 11 per cent for the next three or four months. Is that your objective, too?

All your little speech just now amounts to is that you really think you have accomplished something by bringing inflation

down to 1.6 per cent. There have been very many important Canadians who have said that the price of forcing inflation down to that level, using the blunt instrument of monetary policy, is too high. Six or seven thousand businesses going bankrupt every month is too high a price to pay for what seems to be your objective.

This is not a complicated question. Do you want consumer confidence to go up so that consumers will start buying things? You always say the problem is that, although business confidence is up, consumers are not buying anything, so the policy does not work. You say we have to stay poised; but we never get going. You could get this economy going if you announced that you will not clobber businesses and consumers with the kinds of interest rates and monetary policy that were in vogue about two and a half years ago.

Senator Murray: Honourable senators, I have already pointed out that the bank rate has been declining steadily for many, many months.

Senator Olson: Nobody has any confidence.

Senator Murray: It is at its lowest rate since 1973. What is the honourable senator talking about? Interest rates are at historically low levels now.

Senator Olson: What are you talking about?

Senator Murray: I am talking about the prime rate of the banks.

Senator Thériault: Who gets the prime rate?

Senator Lynch-Staunton: Who got it when it was 20 per cent?

Senator Murray: I am also telling you that the interest rate on a one-year conventional mortgage at most chartered banks is 8.25 per cent, well below the peak of over 14 per cent a couple of years ago. All these trends are encouraging trends. The honourable senator knows that.

As for the dollar which he is constantly complaining about, it is now trading at about 83 cents American. It had peaked at more than 89 cents American back in early November. So far in 1992 it has fallen almost 3.5 cents U.S. That is the Canadian dollar.

The honourable senator asked for some indication of when all this will pay off in recovery. I have told him. I have put on the record—and I suggest he reread it—some of the indicators in housing and retail sales and GDP growth, and all the rest of it, that are incontrovertible evidence of a growing economy.

Senator Austin: It is the wrong objective. It is a Tory objective.

UNEMPLOYMENT, BANKRUPTCIES AND WELFARE—REQUEST FOR ECONOMIC INDICATORS

Hon. Royce Frith (Leader of the Opposition): Honourable senators, the leader has just said that he is putting some facts, as he calls them, on the record. We have seen that he has at his disposal—I can see it from here—a large binder full of obviously good news.

[Senator Olson.]

Senator Perrault: The Spin Doctor Gazette.

Senator Frith: I think probably, in fairness, it must be difficult for the Leader of the Government and the supporters of the government to reconcile all this terrific news, and the figures that support this terrific news, with figures that indicate that, unfortunately for them, the people do not perceive the situation as being as happy as the government portrays it. In all these figures the leader has at his disposal, there are some, I assume, about which he may not be telling us.

I would ask that he obtain from his large ring binder of good news there the figures relating to other economic indicators that have a more personal impact on the people of Canada than some of these OECD figures on, for example, the business confidence index.

I therefore ask him the following questions: Will the Leader of the Government include in his report for the record some other economic indicators, for example, unemployment and bankruptcies? Will he explain to us how the index of business confidence is arrived at? Will he also tell us whether he has any reports, other than the one he has given us, from other economic study groups that deal with the same economic indicators with which he has dealt—unemployment, bankruptcies, welfare rolls —and other indicators that are more directly and more personally experienced by the people than those indicators?

Hon. Lowell Murray (Leader of the Government): Honourable senators, as the honourable senator knows, the unemployment rate was at approximately 11 per cent in the month of April. That is, as we have said, far too high and we do need continued, prolonged, sustained and non-inflationary economic growth in order to bring it down.

I must contrast this with the "tax, tax, tax, spend, spend, spend, inflate, inflate, inflate", policies of our predecessors which brought—

Some Hon. Senators: Oh, oh!

Senator Molgat: You talk about "tax, tax, tax". Tell us about the GST.

Senator Perrault: There have been 35 tax increases since you became the government in 1984. You are trying to sanitize the facts and to "Segal-ize" this whole country.

Senator Frith: That one broke up even your supporters.

Senator Molgat: What a phoney!

Senator Frith: "No-tax Murray". That is why he was so against the GST, because he does not believe in increased taxes.

Senator Murray: The honourable senator has mentioned the unemployment rate. I have told him it is 11 per cent now. The rate of inflation, under our predecessors, was 12.8 per cent in 1982.

Senator Perrault: What about the unemployment in Sir John A. Macdonald's day? Do you go back that far?

Senator Murray: I want to reply to the question that the Leader of the Opposition has asked.

Senator Frith: I did not ask about your predecessors. I asked about you, now.

Senator Murray: I told you what the unemployment rate is. It is 11 per cent. I told you it is still too high and that it will take prolonged and sustained non-inflationary economic growth in order to bring it down permanently.

The honourable senator also asked about bankruptcies.

Senator Perrault: That was Mackenzie King's fault, I suppose.

Senator Murray: It just happens that I have those figures in front of me. They were down 3 per cent in April, year over year.

Senator Perrault: That is still an utter disaster.

Senator Frith: Down 3 per cent, from what to what?

Senator Murray: From the previous April to this month. The honourable senator is asking for some statistical information and I will try to obtain it for him.

EMPLOYMENT

SUMMER EMPLOYMENT FOR YOUTH—GOVERNMENT RESPONSE

Hon Jerahmiel S. Grafstein: Honourable senators, the problem of unemployment among young people remains a crisis in the country. Perhaps the Leader of the Government in the Senate, rather than addressing the Senate, should talk to the young people who are sitting up in the gallery and tell them how they are to get a job this summer.

We found out this week that the minister responsible for the UI retraining program has advised the country that that program is bankrupt; that there is no more money. We are less than halfway through the year and already there is no more money in that fund which was to provide "training, training, training" for young people and people on unemployment insurance.

We also understand that there are over 300,000 people currently seeking retraining in order to get a job. Yet the government has no answer to that. What does the government intend to do now, this summer, to alleviate youth unemployment?

In Toronto, based on the numbers I have seen, it is expected that at least 20 per cent of young people over all will be unemployed, and in sectors of the visible communities over 30 per cent will be unemployed.

What specific plans has the government to allow the young people of this country to go to work this summer? Don't tell us; tell them.

Hon. Lowell Murray (Leader of the Government): Honourable senators, it is rather deplorable to see the honourable senator playing to the galleries so shamelessly.

Some Hon. Senators: Oh, Oh!

Senator Murray: However, with regard to the training money, the $3.4 billion available to Canadians for skills training under the Unemployment Insurance Program and the Canadians Jobs Strategy has not all been spent. The government will be able to provide training to Canadians throughout the year under the Developmental Uses Budget of UI for 1992. This, of course, was the program that honourable senators opposed and fought against, tooth and nail.

Senator Frith: Yes, and it turned out to be the very phoney thing we said it was. You are out of funds already and you did not do the training.

Senator Murray: The use of unemployment insurance funds for developmental uses training was fought bitterly by our friends opposite when the bill was before the Senate.

Senator Frith: We opposed it because it was a scam, and it has turned out to be a scam, but you have no money left in the fund.

Senator Murray: What I am about to tell the honourable senator may disappoint him. Under the Developmental Uses Budget of UI for 1992, $1.8 billion has been allocated for training and adjustment. This represents a 260 per cent increase in funding from the $500 million allocated in 1990.

I may also tell the honourable senator, since he is asking, that this Developmental Uses Expenditure Plan—

Senator Perrault: Sanitize and Segal-ize.

Senator Murray: The Developmental Uses Expenditure Plan, which was accepted by the Minister of Employment and Immigration, represents the consensus of the Canadian Labour Force Development Board, a private sector body with representatives from business, labour, the education training sector and social action groups.

Senator Grafstein: Since the Leader of the Government in the Senate is able to predict growth next year, can he predict what the rate of unemployment will be for youth this summer? What is the government's prediction on the rate of youth unemployment this summer?

Senator Murray: Honourable senators, I do not have that statistical information.

Some Hon. Senators: Oh, oh!

Senator Murray: I answered that question the other day. I told the honourable senator about the programs that the government has in place and has had in place for some time, first, to try to encourage government departments and agencies to provide employment for students and young people during the summer months and, second, to encourage the private sector to do the same thing.

I also told the honourable senator, as he would know if he had been listening or if he would take the trouble to reread our exchange in Hansard, that we were giving very careful attention to ways in which we might responsibly improve on those programs in order to alleviate this problem this summer. I told him that we share his concern in that matter.

Hon. Raymond J. Perrault: This carnival from the other side that we have witnessed today reminds me of a statement made by a past Conservative Prime Minister. He said that all the rumours about unemployment in Canada were being circulated by a bunch of people out of work. That is the appalling style of the Conservative Party. The *Titanic* did not run into an iceberg at all, it was just stopping for ice.

You are living in a Never-Never Land of incredible dimensions.

● (1440)

Senator Doody: Remember now, there is a 15-minute limitation.

Senator Perrault: The object seems to be to sanitize and Segal-ize the record with the full knowledge that, unless something happens very quickly, you will be swept out of power.

The pamphlet that you circulated this week to every home in Canada bears one statement that almost invites action on your part. What does the statement say? It says, "This is a government that listens to the opinions of the people." Well, honourable senators, most Canadians say, "Please quit and resign." Will you do that?

Senator Murray: Honourable senators, as I pointed out some weeks ago, the government has been gaining ground monthly in the Gallup polls. At the present rate, if the increase continues, we will be at over 40 per cent by Christmas.

Senator Olson: Even your arithmetic is faulty!

Senator Thériault: You have gained zero per cent, according to Gallup, in the last three months.

YUGOSLAVIA

POSSIBILITY OF MILITARY INTERVENTION BY UN TROOPS IN BOSNIA—GOVERNMENT POSITION

Hon. Peter Bosa: Honourable senators, Canada has over 1,000 troops stationed in what was formerly known as Yugoslavia. Numerous cease-fires have been broken in the past several weeks, cease-fires that lasted a couple of hours, only to have hostilities break out again.

The Secretary of State for External Affairs indicated that other actions may have to be taken, and some people have interpreted that remark as perhaps including military action. Could the honourable minister please elaborate?

Senator Barootes: A very sensible question from the Opposition for a change!

[Senator Murray.]

Hon. Lowell Murray (Leader of the Government): The Secretary General of the United Nations has alluded to the difficulty of distinguishing who has effective control over the Serbian militia in Bosnia. We believe, nevertheless, that the Yugoslav leadership has not yet done enough to exercise control over those elements. That is why sanctions are in place against Yugoslavia.

As the honourable senator knows, Canada, through the Prime Minister, was among the first to advocate this concerted international action against the regime in Belgrade.

While we cannot exclude any option to bring an end to the bloodshed in Bosnia, there are no plans for a military intervention against the regime in place in Belgrade. However, if the strong message sent to Mr. Milosevic and his associates by the world community in imposing sanctions against Yugoslavia is not understood, then other measures will have to be taken. The Secretary of State for External Affairs is currently reviewing these options with her counterparts in NATO.

INDIAN AFFAIRS

RESPONSIBILITY FOR SOCIAL ASSISTANCE TO INDIANS IN URBAN CENTRES — GOVERNMENT POSITION

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, my question to the minister relates to the position of the government with respect to its responsibilities to aboriginal people living on reserves. It is my understanding that, over the years, there was a clear-cut responsibility of the federal government for Indian people. I am speaking now of status Indians who live on reserves. However, given the situation that exists in Canada, many of these people are moving off the reserves and into urban centres. The two urban centres in Canada that are most affected by this migration are Regina and Winnipeg.

As of April 1, 1992, the federal government decided it would no longer cover social assistance costs for these people who have moved into other regions. This is causing an enormous problem for a number of municipalities that now find themselves burdened with this extra cost. They are, in turn, attempting to pass on the burden to the provincial governments. However, over the years, this has been a clear-cut federal responsibility.

Can the minister tell us whether this is a permanent change in policy and, if so, why this change has occurred. Why is the federal government not living up to its original treaty obligations to these aboriginal people?

Hon. Lowell Murray (Leader of the Government): Honourable senators, the constitutional obligation of the federal government is, as I recall, to Indians and lands reserved for Indians. The matter of services for Indians living off the reserve has been the subject of much discussion between the federal government and the provinces over the years.

In the particular case alluded to by my honourable friend, this is a long story to which I assure him there are two sides.

The federal government, while insisting that the provinces bear the responsibility for certain services to off-reserve Indians, has also relieved the provinces of certain other costs that they were incurring relating to natives.

That is the statement that I will make for today. I can and will bring in a more detailed report within a couple of days, but I assure the honourable senator that for some time, this situation has been the subject of very intense discussion and negotiation between the federal government and the provinces concerned. There is quite a background to the situation, and I will place it on the record shortly.

Senator Molgat: Honourable senators, I thank the minister for his agreement to bring the full details on this matter into the Chamber, because there is no question that this is a very complex matter. However, it has an impact on two provinces in particular; the provinces of Manitoba and Saskatchewan. That is where the bulk of the problem exists. The situation does not seem to create a problem at all in most other provinces. Hence, unless the federal government honours its responsibilities, it is off-loading on two have-not provinces costs that they are least able to bear.

Senator Murray: I want to make it clear to the honourable senator, and I believe the facts will bear me out when I bring in the documentation, that we have relieved those provinces and other provinces of a number of costs that they were incurring with regard to natives. In return for that, we thought it was proper and fair that they do their part.

Honourable senators, I will bring in the documentation that I have referred to within a couple of days. I assure the honourable senator that in no way are we in breach of any of our constitutional obligations to the Indian people.

DELAYED ANSWERS TO ORAL QUESTIONS

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, I have an answer to a question asked on May 6th by Senator Molgat regarding the Refugee Board; one on May 21st by Senator Austin regarding the KAON project; and one on June 2nd by Senator Frith regarding the Unemployment Insurance Program.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, I wonder if my colleague would mind reading the question regarding the Refugee Board?

IMMIGRATION

REFUGEE BOARD—SUSPENSION OF OFFICERS—REQUEST FOR UPDATE

Senator Lynch-Staunton: The appointment of a member of the Immigration and Refugee Board (IRB) is similar to a judicial appointment. To safeguard the independence of these decision makers, they cannot be dismissed at the simple discretion of the Governor-in-Council. Failing resignation, these individuals can only be removed pursuant to a judicial inquiry or court proceeding. Reaching an agreement with such an appointee in return for the person's resignation is a fair and reasonable way of resolving such situations. The terms of the settlement are protected under the *Privacy Act.*

One of the IRB members alluded to in Senator Molgat's question is no longer receiving regular remuneration.

The government has studied the facts surrounding this situation and will continue to proceed in a manner that best protects the interests of the IRB and Canada's reputation as a world leader in refugee affairs.

SCIENCE AND TECHNOLOGY

KAON PROJECT—FOREIGN FUNDING—GOVERNMENT POLICY

(*Response to question raised by Hon. Jack Austin on May 21, 1992*)

The federal government announced its offer of $236 million (one-third of the total construction cost) to British-Columbia towards the construction of the KAON Factory on September 19, 1991.

In addition, the federal government has offered to fund over one-third of the total operating costs for the first ten years of the project. Therefore, in total, the federal commitment is over $600 million over ten years. We now await B.C. and international governments to come forward with their shares. Specifically, B.C. has yet to indicate how much of the operating costs they are prepared to support. Their initial response, contrary to our agreement with the previous B.C. government, was to refuse to contribute to operating costs. On May 28, 1992, British Columbia indicated that it would contribute a portion of the hydro costs.

On April 14, 1992, Science Minister, William Winegard, met with B.C. Minister responsible for KAON, Glen Clark to reaffirm the federal offer. He also encouraged the provincial government to match the federal offer to pay one-third of ongoing operating costs.

Foreign nations (whose scientists will comprise two-thirds of potential KAON users) are being added to help fund the construction costs of the facility. Additionally the federal government would be pleased to accept any contribution that foreign governments might wish to make to the ongoing experimental program at KAON.

Minister Winegard approached the international science ministers at a meeting held in England on the weekend of May 22-24. He received a commitment from the science ministers present that they, or their delegate, would be willing to meet with B.C. Finance Minister Glen Clark, or his representative, at a mutually convenient time within the next four to five weeks to discuss their involvement in KAON.

Minister Winegard said that he, himself, schedule permitting, and federal government officials would be pleased to accompany Mr. Clark on his visits and that, in

any case, Mr. Clark would be accompanied by the Government of Canada's science and technology counsellors from our embassies abroad.

To ensure the success of that meeting, the international science ministers were contacted in advance through the respective Canadian diplomatic missions. On May 11, telexes were sent to the Canadian Government missions abroad. They included a copy of a draft letter to be sent to the foreign ministers by Minister Winegard and Minister Clark. The draft letters were circulated to federal officials and were sent to Minister Clark on May 1st. There was no response from the provincial government until May 12th in the form of a facsimile sent from Mr. Eric Denhoff, the province's negotiator.

Minister Clark criticized the wording of the telexes, but the wording simply states the obvious. The federal government is a supporter of KAON and a partner. It did not propose KAON. The provincial government requested, in the Summer of 1990, that the federal government become a partner. The federal government accepted in September 1991. The letters to the foreign science ministers will be finalized shortly.

With respect to the issue of a negotiator, the federal government has authorized Minister Winegard to pursue discussions with both the British Columbia and foreign governments.

UNEMPLOYMENT INSURANCE PROGRAM

DEPLETION OF FUNDS FOR CURRENT YEAR—GOVERNMENT POSITION

(*Response to question raised by Hon. Royce Frith on June 2, 1992*)

The $3.4 billion available to Canadians for skills 1training under Unemployment Insurance (UI) and Canadian Job Strategy (CJS) has not been all spent. The government will be able to provide training to Canadians throughout the year.

Under the developmental uses budget of UI for 1992, $1.8 billion has been allocated for training and adjustment. This represents a 260 per cent increase in funding from the $500 million allocated in 1990.

The 1992 Developmental Uses Expenditure Plan, which was accepted by the Minister of Employment and Immigration, represents the consensus of the Canadian Labour Force Development Board, a private-sector body with representatives from business, labour, the education/training sector and social action groups.

The government places a high priority on job training and adjustment to reintegrate the unemployed into the workplace.

COMMUNICATIONS

ACCESS TO READING MATERIALS—EFFECT OF GOVERNMENT POLICY

Hon. Lorna Marsden: Honourable senators, might I ask,—because I did not hear—whether a delayed answer to my question on the Copyright Act is among those that the honourable senator has presented today?

Hon. Lowell Murray (Leader of the Government): Honourable senators, I have a note on the Copyright Act for the honourable senator. The Honourable Senator Marsden and myself had an exchange on March 25th. She expressed some dissatisfaction with the reply that I gave her on that occasion. Let me try again.

The new book publishing initiative announced by the Minister of Communications will not limit the access Canadians have to books. In fact, the $140 million in support recently announced for the publishing industry will help to ensure that more Canadian titles are available.

With respect to foreign titles, libraries and bookstores will continue to be able to acquire the books they need. However, they will have to abide by any exclusive distribution agreements which may be in place. Where such an agreement exists, they will not be able to buy directly from a foreign wholesaler.

This measure will not force anyone to sign exclusive distribution contracts, nor will it create new distribution rights. Simply where such agreements exist, stronger protection will be given to the contract holder in the Canadian market.

The amendments to the Copyright Act will be subject to the parliamentary process and will not be proclaimed until an agreement is reached between publishers, distributors and their clients as to pricing and service arrangements. If distributors do not live up to their responsibilities under this agreement, then their clients will be free to buy from other sources.

Individuals and public institutions—for example, government departments both federal and provincial, libraries and educational institutions—will be allowed an exception to import a single copy of a book.

Senator Marsden: Honourable senators,—

The Hon. the Speaker: Honourable senators, I have an order of the house to interrupt the proceedings, but, if there is leave, Senator Marsden may continue her supplementary questions.

Hon. Senators: Agreed.

Senator Marsden: I wish to ask a quick question of the Leader of the Government. I thank him very much for getting me that response, which was the response I had sought the first time around.

Could the Leader of the Government in the Senate tell us the relationship between such a policy—to which I do not particularly object—and any notions of freer trade? It does not

really impede an individual or an institution from buying a book from a source that may be faster and less expensive. I simply find a contradiction in the position that the government has taken on this. Could the leader explain this?

Senator Murray: Honourable senators, not surprisingly, Senator Marsden seems to be a free trader in the Wilfrid Laurier tradition. However, she is getting on a slippery slope here.

The suggestion that there is a contradiction between our free trade policy and the policy I just announced about Canadian books would have argued for including Canadian culture generally in the free trade agreement. It would have argued against exclusions such as culture, which we insisted on in our negotiations on the free trade agreement.

Senator Marsden: The leader goes too far afield and fails to answer the question. Perhaps, if I return to this subject and ask the question in more precise terms, I will, once again, receive an answer to what is asked.

ORDERS OF THE DAY

BUSINESS OF THE SENATE

The Hon. the Speaker: Honourable senators, pursuant to rule 67(3), I must interrupt the proceedings so that the Senate may proceed to the deferred division on the amendments to Bill C-53. The bells will ring for 15 minutes.

The Senate adjourned to the call of the bell.

The Sitting of the Senate was resumed.

The Hon. the Speaker: Let the doors to the chamber be locked.

SPECIAL ECONOMIC MEASURES BILL

THIRD READING—MOTION IN AMENDMENT NEGATIVED

On the Order:

Resuming the debate on the motion of the Honourable Senator Kelleher, P.C., seconded by the Honourable Senator Marshall, for the third reading of Bill C-53, An Act to provide for the imposition of special economic measures.

And on the motion in amendment of the Honourable Senator Frith, seconded by the Honourable Senator Hébert, that Bill C-53 be not now read a third time but that it be amended in clause 7,

(a) on page 5, by striking out lines 41 and 42 and substituting the following:

"(a) five sitting days of that House after the order or regulation is made, *if the order or* regulation is made to implement a decision, regulation or recommendation of an international organization calling on its members to take economic measures against a foreign state, hereinafter in this section called an "economic-measures order"; or

(b) two sitting days of that House after the order or regulation is made, if the order or regulation is made in circumstances where a grave breach of international peace and security may result or has resulted in a serious international crisis, hereinafter in this section called an "international-crisis order";

(b) on page 6,

(i) by striking out lines 14 and 15 and substituting the following:

"(a) not later than the third sitting day of that House following the filing of the motion, in the case of an international-crisis order, or

"(*b*) not later than the sixth sitting day of that House following the filing of the motion, *in the case of an economic-measures order*,";

(ii) by striking out lines 22 to 24, inclusive, and substituting the following:

"section (3) shall be debated without interruption for not more than

"(*a*) *three hours, in the case of an international-crisis order, or*

(*b*) six hours, *in the case of an economic-measures order*,

or such longer period as that House may, with the";

(iii) by striking out line 41 and substituting the following:

"request shall, *in the case of an economic-measures order*, take up and consider the motion"

(iv) by striking out line 46 and substituting the following:

"that *six hours, in the case of an international-crisis order*, or three hours, *in the case of an economic-measures order*, or such longer period as";

(c) on page 7, by adding immediately after line 4 the following:

"(6.1) In the case of an international-crisis order, the House to whom the message has been addressed pursuant to subsection (5) shall, within the first four days after the message has been sent, take up and consider, in accordance with the procedure set out in subsection (6), the motion that is the subject of the message."

On page 5, by adding immediately after line 42 the following:

"(1.1) If a House of Parliament is not sitting when an international-crisis order has been made under section 4, the Speaker of that House shall, within

three days after the making of the order, forthwith recall the House."

The Hon. the Speaker: Honourable senators, it was moved by the Honourable Kelleher, P.C., seconded by the Honourable Senator Marshall, that Bill C-53 be read the third time.

In amendment, it was moved by the Honourable Senator Frith, seconded by the Honourable Senator Hébert, that Bill C-53 be not now read a third time but that it be amended in clause 7,

(a) on page 5,—

Hon. Royce Frith (Leader of the Opposition): May we dispense? Honourable senators, in asking for leave to dispense, let me explain that the import of all these amendments is simply a larger role for Parliament in the case of unilateral action for sanctions under this bill. All of them deal with that subject. The last one deals with the question of recall, but it is simply an example of a larger role for Parliament.

The Hon. the Speaker: Honourable senators, is it agreed that we dispense with the reading of the motion in amendment?

Hon. Senators: Agreed.

Motion in amendment of Senator Frith negatived on the following division:

YEAS

THE HONORABLE SENATORS

Adams
Bosa
Cools
Corbin
Frith
Gigantès
Grafstein
Graham
Hastings
Hays
Hébert
Kirby
LeBlanc (*Beauséjour*)
Leblanc (*Saurel*)
Lefebvre
Marchand
Marsden
Molgat
Neiman
Olson
Perrault
Petten
Riel
Robichaud
Stanbury
Stewart
Stollery
Thériault
Watt—29.

NAYS

THE HONORABLE SENATORS

Atkins
Balfour
Barootes
Beaudoin
Beaulieu
Bélisle
Berntson
Bolduc
Buchanan
Carney
Chaput-Rolland
Cochrane
Cogger
Comeau
DeWare
Di Nino
Doody
Doyle
Forrestall
Grimard
Kelly
Keon
Kinsella
Lynch-Staunton
Macdonald (*Cape Breton*)
MacDonald (*Halifax*)
Macquarrie
Marshall
Meighen
Murray
Nurgitz
Oliver
Poitras
Robertson
Ross
Rossiter
Simard
Spivak
Sylvain
Teed
Tremblay
Twinn—42.

ABSTENTIONS

THE HONORABLE SENATORS

Nil

THIRD READING

The Hon. the Speaker: Honourable senators, it was moved by the Honourable Senator Kelleher P.C., seconded by the Honourable Senator Marshall, that this bill be read the third time. Is it your pleasure, honourable senators, to adopt the motion?

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): On division, in reverse.

Hon. Lowell Murray (Leader of the Government): Honourable senators, I think the Deputy Leader of the Opposition is asking that the same vote as applied in the case of the amendments might apply to the third reading, with the yeas and nays in reverse.

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

Hon. Senators: Agreed.

Bill read third time and passed, on division.

[*Translation*]

AIRPORT TRANSFER (MISCELLANEOUS MATTERS) ACT

BILL TO AMEND—SECOND READING

On the Order:

Resuming debate on the motion of Senator Simard for second reading of Bill S-11, an Act to amend the Airport Transfer (Miscellaneous Matters) Act.

Hon. Royce Frith (Leader of the Opposition): Honourable senators, I wish to begin by thanking Senator Simard for providing me with an information package on this bill. It was very useful and I appreciated receiving it.

Honourable senators, Bill S-11, introduced in the Senate on May 22, 1992, is a bill to amend the Airport Transfer (Miscellaneous Matters) Act, which received Royal Assent on March 19, 1992. That act was known as Bill C-15 when it was before us.

As we all recall, an amendment was moved in the Senate to section 4 of Bill C-15 so that the entire Official Languages Act would apply where an airport had been transferred to a local airport authority. When this amendment was defeated, Senator Corbin on March 17, 1992 moved an amendment that would have added Parts 5, 6 and 7 of the Official Languages Act to section 4 of Bill C-15. In defence of his amendment, he cited the testimony that Mr. Goldbloom gave the Senate Committee on Transport and Communications on November 21, 1991; Mr. Goldbloom recommended that Parts 5, 6 and 7 of the Act be added to clause 4 of the bill.

There was also a letter to Minister Corbeil dated February 27 and signed by Peter L. Rainboth on behalf of Mr. Goldbloom. It said:

> As Dr. Goldbloom indicated to you in your recent meeting, he is obviously in favour of the application of Parts 5 and 6 of the Official Languages Act to local airport authority leases in prescribed regions.

Notwithstanding these strong appeals from the Commissioner of Official Languages, Senator Corbin's amendment was unfortunately defeated.

For the record, section 4 of Bill C-15 provided that where an airport had been transferred to a local airport authority, Parts 4, 8, 9 and 10 of the Official Languages Act would apply.

Part 4 deals with communication with and service to the public.

Part 8 deals with the responsibilities and duties of Treasury Board in relation to official languages.

Part 9 concerns the role and responsibilities of the Commissioner of Official Languages.

Part 10 deals with court remedies for breaches of the Act.

We wished to add Part 5, which deals with the language of work, Part 6, which deals with the participation in the workplace of English-speaking and French-speaking Canadians, and Part 7, which deals with the advancement of English and French in the workplace.

As I mentioned, Senator Corbin's amendment to add these parts of the Official Languages Act to Bill C-15 was defeated by the Conservative majority in this Chamber. We were, however, asked to take comfort in the undertaking of the Minister of Transport, Jean Corbeil, that all leases concluded with local airport authorities for the transfer of an airport would include a clause providing for the application of Parts 5 and 6 of the Official Languages Act. We did in fact take some comfort in this undertaking, but continued to argue that a legislative guarantee was preferable to the personal assurance of a minister of the Crown, no matter how well intentioned.

So that was how matters stood in March of this year, with the passage of Bill C-15. With the introduction of Bill S-11 last week, the government, after some reflection, has now come around to our point of view. It is of course to be commended.

Senator Simard ended his statement yesterday with some compliments for the effort made by the Leader of the Government in the Senate, which I support, and I must also now add the compliments of our side for Senator Simard, who has always been an effective supporter of the Official Languages Act. If I am not mistaken, he even voted for the amendment. He thus gave a striking demonstration that he is truly a man of principle, especially as regards this principle which he has supported almost all his life, or at least all his political life. He may have been an essential player and it may be due to him that the government presented this bill that achieves the goal sought by Senator Simard.

The main purpose of Bill S-11 is to exempt local airport authorities from federal income tax. The main purpose is not the one that interests Senator Simard and many other senators, including me. This was a recommendation of the Minister of Finance and the agreements entered into between the federal government and local airport authorities were negotiated with the understanding that the authorities would not be subject to federal income tax. Unfortunately, the income tax provisions were not finalized in time for inclusion in Bill C-15 when it was introduced in the House of Commons on May 29, 1991. By the time they were drafted in final form, Bill C-15 was in a committee of the House of Commons and an amendment to add new provisions concerning income tax would clearly have been out of order as going beyond the scope of the bill.

This is a technical problem, certainly, from a parliamentary point of view. The government has therefore known for some time that it would have to bring forward legislation to amend the Airport Transfer (Miscellaneous Matters) Act. In light of the debate in the Senate on the application of the Official Languages Act, it must have felt that since legislation would have to be introduced to exempt local airport authorities from

income tax, this would be a good time to legislate the undertakings given by Minister Corbeil concerning the application of the Official Languages Act to local airport authorities.

Clause 2 of Bill S-11 repeals subsection 4(1) of the Airport Transfer (Miscellaneous Matters) Act. This is the subsection which deals with the application of the Official Languages Act.

Subsection 4(1) now reads as follows:

> Where the Minister has sold, leased or otherwise transferred an airport to a designated airport authority, on and after the transfer date Parts 4, 8, 9 and 10 of the Official Languages Act apply—

This subsection is being repealed and will be replaced by a new subsection 4(1) and byn subsection 4(1.1). It is being replaced by two clauses.

The first clause, 4(1), provides as follows:

> Where the Minister has leased an airport to a designated airport authority, on and after the transfer date Parts 4, 5, 6, 8, 9 and 10 of the Official Languages Act apply.

The second clause, 4(1.1), provides as follows:

> Where the Minister has sold or otherwise transferred an airport to a designated airport authority, on and after the transfer date Parts 4, 8, 9 and 10 of the Official Languages Act apply—

So we have two clauses that distinguish between leasing an airport and selling an airport. Where the minister has leased an airport to a designated authority, Parts 5 and 6 in addition to Parts 4, 8, 9 and 10 of the Official Languages Act are now to apply. However, when an airport is sold or otherwise transferred, only Parts 4, 8, 9 and 10 apply. Parts 5 and 6 are not being added. What will be the practical effect of this distinction?

[*English*]

It is my understanding that all transfers to local airport authorities have been and will be, for the time being, in the form of long-term leases. The government apparently has no intention of selling any airports to local authorities for at least five and probably ten years. It would be irresponsible to immediately sell the Toronto or Montreal airports, for example, to a local airport authority without having any idea whether the authority would be able to run the airport effectively over the long term. Furthermore, it is at the present time very difficult for local airport authorities to obtain the financing necessary to buy the airport outright.

In any event, sale to local airport authorities is only something that will arise, as I say, probably five, ten or perhaps fifteen years in the future when there has been an opportunity to evaluate the success of the transfer by lease. If the lease has been successful, if the local airport authority has managed the airport well, and if financing can be arranged, at that time the

[Senator Frith.]

government would consider selling the airport to the local airport authority. I believe that accurately states the government's policy on this question.

The result is that though Parts 5 and 6 of the Official Languages Act will apply only to leases of airports, in point of fact leases are the only transactions that are envisaged for the next five to fifteen years. One could argue that there is ample time to amend this act again if it is thought necessary to bring airports that are sold, as distinguished from those that are leased, within the ambit of Parts 5 and 6 of the Official Languages Act.

Even then, it seems to me there ought to be some concerns about applying Parts 5 and 6 of the Official Languages Act to enterprises that have been sold to the private sector.

When I was counsel to the Commissioner of Official Languages, part of my job was to advise him as to how the application of the act could be extended to various federal bodies because the language of the act talks about federal institutions and does not define them in any verbatim way. The extension of the jurisdiction of the commissioner and the application of the act was accomplished by the fact that the act, happily, was not too specific. It just talked about federal institutions and that, of course, leaves some room for interpretation.

Could one argue that an airport sold—not leased but sold—was still a federal institution and still subject to the act? I think it might be stretching it a bit. Then of course there would also be the possibility of arguing that it would be a violation of the constitution to extend jurisdiction to private enterprises. I think the real problem would be simply a problem of the interpretation of the act.

Where an airport is leased, the government retains a legal interest in the facility, and I would have no trouble advising that there was sufficient interest to have the act continue to apply. However, where it is sold, it becomes private property, pure and simple. The application of the Official Languages Act, as I say, becomes more problematical in such circumstances. However, that is conjecture at this point, because if I properly understand the government's policy, although the act deals with sale, the government has no intention of actually selling any airports to private enterprise at this time and the effective application of the act will be to long-term leases.

Senator Murray: Whether an airport was sold or leased, it would still be under our jurisdiction, would it not?

Senator Frith: That is the question. It is still under your jurisdiction, but can you make the Official Languages Act apply? What I would do in such a circumstance is use the very fact raised by the Leader of the Government in the Senate and see that its application formed part of the contract. At the sale, it could be stipulated as one of the conditions of the contract that they would continue to apply the Official Languages Act.

● (1530)

I make this distinction because the act makes the distinction. I think that for our purposes, since we are concentrating

on this question of the Official Languages Act, there is no question it can apply where the government retains a legal interest.

The fact remains that since no airport will be sold for 5 to 15 years, Parts 5 and 6 of the Official Languages Act will apply in the near term.

Although we support this legislation and the decision to transform Minister Corbeil's personal undertaking into a legislative guarantee, I have some reservations about process as it relates to the somewhat convoluted route that the government chose to travel. This brings me to what many of my colleagues on both sides of the house here know is a bit of a pet peeve of mine.

I cannot help wondering whether, when the Senate was debating Bill C-15, Minister Corbeil intended all along to bring forward this amendment when the income tax provisions were put into legislative form. I have already explained why he had difficulty with the income tax provisions because of the timing.

However, honourable senators, if the minister was of such a mind he could not, of course, have said so at the time, otherwise he would have been asking the Senate to pass legislation he knew to be flawed. Why not make these changes respecting the application of the Official Languages Act during the six or seven months that we had Bill C-15 before us? The answer, I believe – and I hope I am wrong, but I do not think I am—can be found in Senator Murray's remarks of last Monday when he was speaking to our proposed amendments to Bill C-53.

In responding to the amendments that we proposed to Bill C-53, on which a few moments ago we voted, he said, as reported at page 1575 of the *Debates of the Senate:*

> Let me say at once that, in achieving an objective on which we may all agree in principle, I will always seek a method other than amending a bill, even in a bi-partisan fashion, and sending it back to the House of Commons.

I emphasize the word "always". For Senator Murray this, apparently, is a guiding principle, an article of faith—never send anything to the House of Commons, other than messages that we have done our duty like good boys and girls; that we have brought down the rubber-stamp and passed their legislation without amendment and now await their presence for Royal Assent.

Senator Murray: I was a great supporter of pre-study in opposition, and I am a great supporter of pre-study in government.

Senator Frith: I will let the readers of *Hansard* judge the relevancy of that intervention.

This is the only message Senator Murray can conceive of sending to his masters. The merit of the legislation or the proposed amendments will always take a back seat to the rubber-stamp. Bill C-53 was a perfect example.

Senator Simard: You were doing all right up until now.

Senator Frith: I recognized that the following comments would be less genially received than the ones foregoing.

We argued on Bill C-53 that where the government took a decision to impose sanctions on another nation, in a time of "serious international crisis", Parliament should be recalled—Parliament should have a role. The government said no.

I remind honourable senators that on July 3, 1987, the government asked Speaker Fraser to recall the House of Commons "because of the Senate's intent to delay passage of Bills C-22, C-18 and C-19". That is from a press release from the office of the Deputy Prime Minister.

Bill C-22 dealt with pharmaceuticals. Bill C-18 and Bill C-19 dealt with national transportation. Though Speaker Fraser turned down this request in a letter dated July 4, 1987, the fact remains that the government believed an emergency existed because, by the end of June, the Senate had not passed three bills it had received earlier that month and in May. It now argues, in effect, that less than immediate passage by the Senate of legislation dealing with patent protection for pharmaceuticals was more of an emergency than "a grave breach of international peace and security" which "has resulted or is likely to result in a serious international crisis".

Where international drug companies have to wait a little longer before being able to charge higher prices for their products, we have an emergency. The House of Commons must be recalled. But where there is a "serious international crisis", where there has been a "grave breach" of the peace and security of the entire world, the government says, "No problem. That is not something that need concern the Parliament of Canada. It does not need to be recalled in such a case." If that is not hypocrisy, it is an excellent imitation thereof.

Honourable senators, we support Bill S-11. We will vote in favour of sending it to committee. However, what we are legislating today could have been legislated months ago, at least in so far as the official languages provisions are concerned. That we are doing so only now speaks volumes of how Senator Murray and his cabinet colleagues think of the Senate and the senators themselves, especially when it comes to sending amendments to the House of Commons.

That is not the end of a quotation but the end of my pet peeve intervention. It is also the end of my intervention on the bill. I repeat, we will support Bill S-11. We welcome it, although its objects might well have been achieved in a more efficient and, I think, dignified way.

[Translation]

Hon. Eymard G. Corbin: Honourable senators, I would like to start by thanking Senator Frith for his usual clear and incisive presentation and his brief history of the airport transfer bill.

The purpose of Bill S-11, *An Act to amend the Airport Transfer (Miscellaneous Matters) Act*, is first of all, to deal with a number of serious shortcomings with respect to official languages, the result of poor drafting of a previous bill on airport transfers. I have am referring to Bill C-15.

Bill S-11 before us today would delete paragraph 4(2) in Bill C-15, a provision the former Commissioner of Official Languages, Mr. d'Iberville Fortier, qualified as "shocking" but which the government majority adopted, over our objections, on March 19 this year.

The present Commissioner, Dr. Victor Goldbloom, said before the committee that was examining Bill C-15 that all provisions of our official languages legislation should apply to Bill C-15.

Paragraph 4(2) would inevitably have created considerable confusion for those who must comply with the the Official Languages Act, and probably for the courts, which would be asked to rule on any difference of opinion or objections concerning its application. With a government that is prepared to sacrifice the vested rights of language minorities, why should the private sector act any differently? That is what may happen if we allow any erosion of the *Official Languages Act.*

Under Bill C-15, which has now become law, concession holders in transferred airports are not obliged to offer their services in both languages, which goes against the provisions of the official languages legislation and regulations. They will be under no obligation to do so, unless Parliament adopts Bill S-11.

At long last, the government has started to see the light and realize that our points are valid. However, it was not easy to make them see reason! It took some time: one year—twelve months exactly—and this was just the Senate! Our colleagues opposite stubbornly refused to use their common sense. They would not listen or try to understand, and on top of that, some government critics even tried to wear us down with counter-arguments that made no sense whatsoever.

The second change proposed in Bill S-11 is the addition of parts V and VI of the *Official Languages Act* which concern, respectively, the language of work and guarantees for equitable participation by members of both language groups in Canada. As Senator Frith mentioned, I moved an amendment to do just that when Bill C-15 was before the Senate, but the amendment was defeated by the government majority. You will understand how surprised I was Monday night to see Senator Simard, after his speech on Bill S-11, being applauded by his own colleagues who had refused to support him during the debate and vote on C-15!

In fact, I would like to take this opportunity to congratulate Senator Simard. He was one of the few people, in fact there were two, who rose to support my amendment. They knew what they were doing. It was a matter of principle. And then Monday night, I saw an astonishing change of heart in all those who supported Bill C-15 when they applauded an excellent presentation by Senator Simard. I have seen a number of about-faces during my parliamentary career, but this was almost like people tucking in to a meal they wouldn't have touched three months ago.

I would like to point out that the addition concerning parts V and VI of the *Official Languages Act* applies only to the

[Senator Corbin.]

leases mentioned in section 4(1), since sub-paragraph 4(1.1), which deals with other types of transfers, like a sale, for instance, does not include parts V and VI. As a result, the application of the *Official Languages Act* will be restricted in the case of transfers other than leases. Personally, I think that is too bad. Why not maintain vested linguistic rights? That is a question for the government to answer. Senator Frith told us earlier that he thought he knew the answer. Of course, he has the advantage of legal training and is perhaps quicker than I am to perceive certain matters.

But Part VII of the Official Languages Act is not mentioned in that bill. That is the part that commits government to promote both official languages. Why was Part VII not retained and included in the bill now before us? I do not know.

Nevertheless, I will not praise our friends opposite to the skies for this initiative. I am happy they took it and I am very pleased with it but I have only one thing to say: it was high time they acknowledged their mistakes—thank goodness they did in the end! — and corrected almost all the flaws of Bill C-15 relating to official languages.

The fact remains that it would have been so much easier just to go along with our reasoning and to accept the amendment proposals we have been making since last June! All that time has been spent reviewing the

Official Languages Act provisions contained in the bill. Had government shown good will from the start . . . because they were aware of this. We had told them. It was not a matter of partisanship, but a matter of abiding by one of the basic laws of this nation . . . not only would we have saved all that time, but government would not have had to return with Bill S-11 to acknowledge that we were right and that Senator Simard, Senator Bélisle and others were right.

Bill S-11 is overwhelming proof that, were it not for the relentless efforts of the Official Languages Act advocates, most of whom are representatives of the two official language minorities of Canada in Parliament, that is to say French-speaking Canadians outside Quebec on the one hand and English-speaking Canadians in Quebec on the other hand, this Act would be trampled on by this government and undermined little by little.

This is not the first bill introduced during this Parliament that limits, restricts and undermines the scope of the administration of the Official Languages Act.

Our friends from across the floor seem to forget that the Official Languages Act gained almost constitutional status. Therefore, we could go so far as to say, without being too far off, that on a protocol level, it comes in second place after the Constitution, in terms of the elements that could help keep this country together.

So why keep trying to make privative clauses and provisions that have a restrictive interpretation when it comes to the implementation of the Official Languages Act? Let us stop ridiculing this piece of legislation, let us put a stop to the

attempts made at diluting it, and let us respect the spirit of its provisions, which is a spirit of generosity in a legal framework.

Thank you honourable senators.

The Hon. the Speaker: Honourable senators, I must inform the Senate that if honourable senator Simard takes the floor now, his speech will end the debate on the motion for second reading of this bill.

Hon. Maurice Simard: Honourable senators, I want to thank my colleagues, senators Frith and Corbin, for their comments.

Senator Frith has shown once again that he is a seasoned parliamentarian who always participates in a debate with his usual clearmindedness and clarity. I want to thank him. In my opinion, he made very good observations on the treatment that will be reserved, in the future, to airports that will be leased, as well as to other airports that the federal government might dispose of.

As my colleague mentioned, based on the comments made by the Leader of the Government in the Senate a few months ago, and given the nature of the operation itself, these possible sales of airports could probably not take place before ten or fifteen years, at which time we will have had a chance to assess the ability of these corporations to manage these airports.

Obviously, I would have like to see Bill S-11 subject to Part VII of the Official Languages Act. I do hope however that the Secretary of State will assume the obligation contained in Part VII, through its various programs and eventually in the context of a new Constitution, recognizing this Canadian duality and the duty of the federal government to promote our official institutions and communities. I am still hopeful that this can be done at that time. In the meantime, we will have to keep an eye on what the Secretary of State does.

Therefore, I want to thank those two senators who, on behalf of their party, have indicated to us that they support Bill S-11.

That being said, I somewhat disagree with Senator Frith's attempt to establish a parallel with Bill C-53 and the commitment given to us a few months ago by Senator Murray regarding Bill C-15. I believe that Senator Murray with the comments he made during the debate on Bill C-53, showed us once again that we must be cautious before making firm commitments. I take comfort in the fact that in the 90 days since Bill C-15 was passed, negotiations with the airport authorities have convinced the latter, in all the so-called officially bilingual regions, to assume the costs and the consequences of Parts V and VI, the scope of which will be definitively preserved in the provisions of Bill S-11.

I see in the tabling of Bill S-11 other evidence that any government, either Liberal, Conservative or otherwise, can improve its bills when enough pressure or monitoring is brought to bear on it. A responsible government can go back and, at the eleventh hour, correct a mistake.

Indeed, even with the delay in legislating to protect rights provided in Parts V and VI of the Official Languages Act, there was no harm done. Those grandfather rights were not trampled on or given up during the 90 days that preceded the tabling in the House of Bill S-11.

Honourable senators, for all those good reasons, I hope that, during the committee study, we can get some more explanations concerning the more technical clauses. If there is a lesson to be learned from the debate on Bill C-15 and from the one that we are currently having, it is that French minorities outside Quebec—Senator Corbin mentioned that—and the English community of Quebec will have to continue to be very vigilant and watch out for any legislation that could or actually does jeopardize their grandfather rights, particularly as they apply to the Official Languages Act.

I will conclude by suggesting or by moving that Bill S-11 be referred to the Committee on Transport and Communications.

Motion agreed to and bill read second time.

REFERRAL TO COMMITTEE

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

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

[*English*]

GLOBE '92 CONFERENCE

NOTICE OF INQUIRY—ORDER STANDS

On the notice of inquiry of the Honourable Senator Carney:

> That she will call the attention of the Senate to the Globe '92 Conference held in Vancouver, B.C. from 16th to 20th March, 1992.

Hon. Pat Carney: Honourable senators, I do not intend to speak to this matter today. However, I would ask that my inquiry regarding the Globe '92 Conference be permitted to stay on the Order Paper even though today is the fifteenth sitting day since my initial notice of inquiry of March 24.

I had hoped to table the summation of the conference's activities as part of my inquiry, but I have received only the English version, not the French version, which is not expected until some time next week. I ask your permission to allow this matter to remain on the Order Paper.

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

Hon. Senators: Agreed.

Notice of inquiry stands.

CHRISTOPHER COLUMBUS

500TH ANNIVERSARY OF DISCOVERY OF AMERICA—INQUIRY BROUGHT FORWARD—DEBATE ADJOURNED

Hon. Peter Bosa, with leave of the Senate and notwithstanding Rule 58(2), rose, pursuant to Notice of Inquiry set down earlier this day for Friday, June 5, 1992:

> That he will call the attention of the Senate to the 500th Anniversary of the landing of Cristoforo Colombo in the New World.

He said: Honourable senators, there is much controversy surrounding the celebration of the 500th anniversary of the discovery of the New World. I have had some research done on the subject and I would like to share that research with honourable senators.

In the course of my remarks I will review briefly the motivations that prevailed at the time for finding a new route to the Orient as well as the wrongs that have been attributed to Cristoforo Colombo, otherwise known as Christopher Columbus.

The year 1992 marks the 500th anniversary of Christopher Columbus' journey to the new world. Plans are being made in both Europe and the Americas to celebrate this event as a great accomplishment. A few detractors, however, contend that the Columbus legacy has been more of a curse than a blessing. For example, Paul Knox, of the *Globe and Mail* editorial staff, has argued that only after we have spent the next 100 years righting the wrongs that followed upon the Columbus voyage should we consider any kind of celebration.

• (1600)

The essential question amounts to this: Should the ravages of disease, racial exploitation and environmental destruction that followed Columbus result, on balance, in a negative judgment about the man, his character and his endeavour? Such historical revisionism should be questioned.

Columbus was Italian, born in Genoa in 1451, the son of a weaver. The man remains largely a mystery. No portraits of him done from life exist, and the 40 or so paintings of him done over the centuries after his death bear little resemblance to one another. Some aspects of the Columbus myth are blatantly false—such as the story that Columbus was trying to prove the world was round or that Queen Isabella sold her jewels to pay for his first voyage.

Columbus was not looking for a new world; rather, he sought an ancient one. As Renaissance historian William Henry Hudson explains, the rivalry between medieval Europe and the Ottoman Empire eventually led the Turks to interrupt overland trade. It was this impasse that motivated Columbus to search for another route to the Orient. Hudson's *Story of the Renaissance* suggests that:

> By blocking up the great highways of communication between Europe and the Orient, the Turks threatened with commercial disaster the Italian cities which had grown rich through their eastern trade. The question of the possibility of finding new routes thus became urgent, and the result was that here and there practical men began seriously to consider the chances of reaching India by striking out to the West.
>
> Convinced that this could be done, the Genoese sailor Christopher Columbus, under the commission from the King and Queen of Spain, in 1492 sailed across the Atlantic and, firmly persuaded that he had attained his object, actually discovered the continent of America.

What about the criticisms? Are they justified? Let us review the charges and the evidence.

A concern often raised is the advisability of using the word "discovery" to characterize the voyages of Columbus. After all, the Americas were peopled by thriving groups and civilizations long before his arrival. Some were highly advanced in technology and social, political and economic organization. The Vikings, of course, had already founded a short-lived settlement in Newfoundland around the year 1000. Writing in *Time* magazine, Robert Hughes settles this controversy by saying the following:

> . . . The essence of discovery is that the voyage is repeatable. It entails documentation—logs and records. The discoverer is the person who gets from known A to unknown B, returns to A, and goes back to B again. Columbus' claim to be a discoverer is, admittedly, a function of European consciousness . . . But this does not make it unreal.

Columbus actually did more than simply locate a new hemisphere. In the words of historian Daniel Boorstin:

> Even on his first voyage . . . Columbus really made three momentous discoveries. Besides finding land that Europeans had not found before, he discovered both the westward sea passage from Europe to North America and the best eastward passage back.

This accomplishment involved two different routes—a southerly route to the west, and a northerly route to the east, as well as lucky navigation and a good practical knowledge of prevailing winds, which in 1492 amounted to a considerable achievement.

What about the charge of racial exploitation? It certainly is true that the native peoples and black Africans—brought as slaves—were exploited and suffered untold miseries in the Americas. But as the eminent historian Arnold Toynbee has pointed out, this oppression was not perpetrated by Columbus, but by later conquistadors. So why is the memory of Columbus being vilified by association with this these later depredations? In an article in *Time*, Paul Grey provides this answer:

> For all its intensity, the Columbus controversy has very little to do with 1492, and almost everything to do with (the present). The peoples of the New World, the land that Columbus made inevitable, are engaged in another convulsive attempt to reinvent themselves, to conceive a version of the past that will justify the present and, if possible, shape the future.

The attempt by native Americans to correct the historical record and their current demands for recognition and fair treatment are quite understandable. Many wrongs were committed by others following Columbus' arrival. But, as some academics have pointed out, native Americans exploited their own people long before Columbus. Oxford University historian Felipe Fernandez-Armesto recounts the situation:

> Most Spanish "conquests" in America were skilfully manipulated interventions in internecine wars that were already underway . . . When Spanish conquistadors used the tactics of terror, as some did, the Indians had seen it all before. From the victim's point of view, all massacres are equally horrible. A blood-thirsty neighbour has no moral advantage over an invader from afar.

All atrocities are deplorable, be they European or North American in origin. None of this, however, detracts from Columbus' achievement. Interestingly, in some cases, Columbus was actually seen as a source of hope for the downtrodden. Historian Fernandez-Armesto explains:

> When Columbus found the Arawaks of the Bahamas and Greater Antilles, these vulnerable people were already doomed by the fierce imperialism of the neighbouring Caribs—which was one reason why Columbus was welcomed as a deliverer. "Come and see the men from heaven," the Arawaks chanted.

It is true that the European settlement of the Americas after Columbus brought many infectious diseases, but such tragedy has accompanied most mass migrations throughout human history. For example, both Greek and Roman expansion were eventually stalled by plagues, as were the advances of the Mongol hoards in China and of Genghis Khan in Eurasia. And since the dynamics of such epidemiology were not understood either in ancient times or in the days of Columbus, preventive measures were not possible. In any case, the record does not show that Columbus was the agent of such tragedy in the Americas—his landings were too transitory, scattered and few in number.

Charging Columbus with despoiling the environment is also unfounded. He did not stay on this continent long enough to bring about environmental degradation; that followed later. There are, however, two points to keep in mind. First, historian Fernandez-Armesto reminds us that:

> No human society has ever refrained from exploiting its environment.

Second, how can we condemn Columbus in hindsight for sins he never dreamed of at the time?

It has been said that Aztec, Mayan and Inca practices were often no better than those the Europeans brought with them. But, as happens so often in clashes of societies, the values and culture of the invader eventually prevail. It is this last fact, the eventual dominance of European cultures and populations in the Americas, that seems to be the crux of the campaign against Columbus. Territorial invasions, oppression and subjugation are no longer acceptable in the twentieth century. Understandably, those whose ancestors suffered at the hands of the Europeans are trying to right past wrongs. Their grievances are real; but must such a campaign discredit Columbus personally?

The quincentennial coincides with the search in Canada for constitutional reform. Both events, although admittedly quite different, afford us an opportunity for self-reflection and lead to a re-examination of long-standing native grievances and their place in history. The past, however, cannot be undone, and we should draw strength from our history in order to build a future based on social justice, equality of opportunity and brotherhood. The celebration of Columbus has focused attention on the people whom Columbus encountered, and as such it serves a useful purpose.

• (1600)

To put this all into perspective, Columbus is not personally responsible for wrongs committed on America's aboriginal people since 1492, nor is he responsible, as some have argued, for the emergence of liberty and individual rights in the Americas. As David Bercuson, a Professor of history at the University of Calgary, put it:

> "Columbus' voyage should be commemorated only for what it was: a courageous venture that established the first real link—for better or for worse—between Europe and America."

That is reason enough to honour Columbus.

Some Hon. Senators: Hear, hear.

Hon. Consiglio Di Nino: Honourable senators, I may wish to make some comments on Senator Bosa's presentation, but I would prefer to do so after I have had an opportunity to read his remarks in the *Debates of the Senate* in the next day or so. Therefore, I move the adjournment of the debate.

Senator Frith: You have 15 sitting days.

Senator Lynch-Staunton: Bong!

On motion of Senator Di Nino, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

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THE SENATE

Thursday, June 4, 1992

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

Prayers.

NOVA SCOTIA

WESTRAY MINE—GOVERNMENT ASSISTANCE—DOCUMENT TABLED

Hon. Lowell Murray (Leader of the Government): Honourable senators, I rise for the purpose of indicating to honourable senators that I have tabled with the Clerk today a document pertaining to the federal government's assistance to the Westray mine project.

Additional legal and contractual documents are also being made available through the Department of Industry, Science and Technology. A list of those additional documents, which are quite voluminous and would be available to interested parties at the department, will be tabled today as well.

In addition to the actual documents, perhaps I should table with the Clerk a list of the material being tabled and a list of additional legal documents that will be made available to the public.

I have made this brief statement because several honourable senators have indicated their interest and have asked questions on this matter.

QUESTION OF PRIVILEGE

Hon. L. Norbert Thériault: Honourable senators, I rise on a Question of Privilege. I listened carefully to the Leader of the Government yesterday, when he gave us his economic outlook, or his forecast for the economy, as based on certain papers in his possession. Among other things, he said that new motor vehicle sales were going up.

The Hon. the Speaker: Senator Thériault, rule 23(1) states:

> During the time provided for the consideration of the daily Routine of Business and the daily Question Period, it shall not be in order to raise any question of privilege or point of order. Any question of privilege or point of order to be raised in relation to any notice given during this time can only be raised at the time the Order is first called for consideration by the Senate.

Your question of privilege can be entertained later, but we have to go through the Order Paper first. It will be taken into account, but not now.

Senator Thériault: Honourable senators, I must tell you that I am not thoroughly familiar with the new rules that we are abiding by here, but my experience in Parliament has always been that Questions of Privilege are to be brought to the attention of the house at the first possible occasion.

If we are departing from that ancient and proper tradition and now have to wait until the Speaker gives us permission to raise a Question of Privilege, then the rules have gone too far.

The Hon. the Speaker: Senator Thériault, may I draw to your attention rule 44(7), which reads:

> A Senator having given a notice, in accordance with sections (3) or (4) above, shall be recognized during the time provided for the consideration of "Senators' Statements", for the purpose of giving oral notice of the question of privilege. In doing so, the Senator shall indicate that he or she is prepared to move a motion either calling upon the Senate to take action in relation to the matter complained of or referring the matter to the Standing Committee on Privileges, Standing Rules and Orders.

I am not trying to muzzle you, Senator Thériault; I am just trying to apply the rules here. I do not remember the specific rule, but, if I recall correctly, notice concerning a question of privilege must be given to the Clerk's office three hours before the sitting.

Be that as it may, we can still accommodate your question under rule 23(1), which I quoted previously. We will deal with it later this day.

Senator Thériault: That will be under "Senators' Statements", then.

SENATORS' STATEMENTS

GENERAL ELECTION

NUMBER OF DAYS LEFT IN CURRENT TERM

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, I know that my colleagues across the way were very concerned, upon noting that the Leader of the Opposition was not here, that they would not be brought up to date on the clock, unless, of course, they are keeping a proper record themselves.

I would not want to disappoint them because my colleague is temporarily absent. I would like to remind them that the clock is indeed still ticking, and if the government of which Senator Murray is a member respects democracy, Canadians will cast their ballots within 170 days. If, however, in the words of Senator Murray, the present government is cowardly and contemptuous of democracy, the day of reckoning remains 556 days away.

THE ECONOMY

GOVERNMENT ECONOMIC INDICATORS —REQUEST FOR CLARIFICATION—QUESTION OF PRIVILEGE

Hon. L. Norbert Thériault: Honourable senators, a few moments ago when I tried to raise a question of privilege, I was told I was out of order because I had to wait for Senators' Statements. However, the first item on the Order Paper is "Senators' Statements"; Tabling of Documents comes under Routine Proceedings. So the order was reversed and Tabling of Documents came before Senators' Statements. I thought I was raising my question of privilege under Senators' Statements.

However, if I may, I want to repeat that I do not believe the Leader of the Government was intentionally misleading the house. Nevertheless, I think my privileges were abused because, in my humble opinion, the statement he made is not correct. He said:

— new motor vehicle sales are going up—

Today's *Globe and Mail*, the so-called gospel of the Tory government, has an article on page B3 with the subheadline "Canadian car sales weak". It goes on to say, as a matter of fact, that in the month of May automobile sales of all kinds in Canada have gone down by 15 per cent and that they have gone down by 14 point something per cent since January. Every month since January, in fact, car sales in Canada have gone down.

I hope that the Leader of the Government will look at the matter again and rectify his statement of yesterday so that people can start believing a bit of what he is saying in this house.

Hon. Lowell Murray (Leader of the Government): Honourable senators, this is the time reserved for senators' statements and I suppose I can make one in reply to what we have just heard from our friend, Senator Thériault. On what page of Hansard is the statement to which he objects?

Senator Thériault: On page 1595 in the second paragraph.

Senator Murray: I have found it on page 1594.

Let me tell the honourable senator that new motor vehicle sales rose by 2.6 per cent in April.

Senator Thériault: I am sorry. I rise on a point of order. It is not page 1594, it is page 1595, and your statement was that motor vehicle sales have been going up.

Senator Murray: Honourable senators, I gave the actual statistic on page 1594.

Senator Olson: Senator Murray's Selective Bureau of Statistics.

Senator Thériault: Says who?

Senator Murray:

. . . new motor vehicle sales rose by 2.6 per cent in April.

Senator Thériault: Says who?

Senator Murray: Statistics Canada.

Senator Thériault: What I am referring to in the *Globe and Mail* is a statement by the Automobile Association of Canada.

The Hon. the Speaker: Honourable senators, I think this matter should be addressed during Question Period.

Senator Thériault: No, I am sorry. The statement made yesterday by the Leader of the Government in the Senate was that new motor vehicle sales are going up. The *Globe and Mail* cites figures for all the months of 1992, and I am sure that the Leader of the Government in the Senate would not dispute the figures of the *Globe and Mail* because, as far as I am concerned, it is the second Bible of the government. The *Globe and Mail* says that motor vehicle sales have been going down every month. All I ask is that the minister correct his statement.

● (1410)

Senator Murray: Honourable senators, there is nothing to correct. New motor vehicle sales—

Senator Thériault: Tell the truth!

Senator Murray: — rose by 2.6 per cent in April.

Senator Olson: According to your very selective bureau of statistics.

Senator Murray: The statistic that I put on the record yesterday is one that I stand by. It was given to me by the government. It is from Statistics Canada. Nothing that I have heard quoted from the *Globe and Mail* contradicts what I said yesterday to the effect that new motor vehicle sales rose by 2.6 per cent in April.

Senator Thériault: Honourable senators, on page 1595 of yesterday's *Debates of the Senate,* the Leader of the Government stated: "new motor vehicle sales are going up." The fact of the matter is that they have been going down. Surely he can admit his error.

Senator Perrault: Perhaps he was holding the graph upside down.

VETERANS AFFAIRS

TABLING OF LEGISLATION RESPECTING MERCHANT SEAMEN

Hon. Jack Marshall: Honourable senators, it is certainly a pleasant change to rise in this chamber and not to be making yet another plea for the government to take action in regard to the injustices suffered by so many of our veterans.

As some may be aware, this morning the government tabled the long-awaited merchant seamen legislation in the other place. As we have had only a few hours to examine the substance of the bill, it would be premature to either wholeheartedly embrace the legislation or to make negative comments.

Reaction to the bill is already pouring in. Over the next few days I fully expect that the many veterans organizations that have been following the progress of this issue will be advancing their views on the quality of the legislation. I hope that, as

that legislation passes through Parliament, the comments of representatives of those veterans organizations will be accorded the respect and attention they deserve.

I am confident that the minister is approaching this bill in good faith. In his press release he stated that he will be pursuing the creation of a Book of Remembrance to be placed in the Peace Tower. I thank him for his willingness to take this long overdue step and urge him to follow it through to the best of his abilities.

It is fitting, then, that in this the 125th year of Confederation, we unite together in this important and worthy cause. We must work to ensure that this legislation, which will undoubtedly be the last opportunity to accord our merchant seamen the recognition they deserve, is the most comprehensive and generous package possible. We owe our veterans no less.

BRITISH COLUMBIA

ARTIFICIAL REEF SOCIETY —TRIBUTE TO GOVERNMENT FOR SINKING OF H.M.C.S *CHAUDIÈRE*

Hon. Raymond J. Perrault: Honourable senators, I should like to make a brief statement to the Senate on a matter to which I made reference some months ago. On occasion I may have been critical of the government, but senators will have to dig back rather diligently into their memories to recall those occasions!

Senator Doody: Confession is good for the soul.

Senator Perrault: I stated that, should the government take a certain action with respect to the decommissioned *Chaudière*, I would rise in my place and congratulate the government. I am meeting that promise and commitment.

Hon. Senators: Hear, hear!

Senator Perrault: I wish to congratulate the government for acting positively and decisively in meeting the request of the Artificial Reef Society of British Columbia and other interests on the West Coast. Once the *Chaudière* is sunk late this spring, she will be the largest artificial reef in Pacific North America, and will be a world-class attraction to divers. This will have favourable economic spin-offs for the Canadian economy.

The artificial reef sunk by the Artificial Reef Society of British Columbia, Portland Island, the Motor Vessel *G.B. Church* has drawn tremendous interest from divers and marine biologists since it was first sunk in August last year. In the roughly 150 days since her sinking, the *G.B. Church* has become the home to numerous rockfish, octopus, and, in particular, juvenile fish that are using it as a habitat. It is hoped that by studying the rate of colonization of the *G.B. Church*, we will have a better measurement of how quickly reefs recover from environmental damage.

The Gulf Island site chosen for the *Chaudière* Project is currently a featureless, muddy bottom which supports very little marine life. It is anticipated that the immense steel hull and aluminum superstructure of the *Chaudière* will gradually provide a stable home to a much wider variety and greater abundance of marine creatures. It will also provide an ideal study site for biology studies investigating the rate and nature of colonization of man-made reefs. Within three to five years, it is expected that much of the ship's surface will be encrusted with marine growths such as tubeworms, barnacles, tunicates and anemones, while the decks and superstructure will provide shelter to countless schools of perch and rockfish, as well as ling cod, sculpins and other fish species.

The 175-foot *G.B. Church*, scuttled August 10, 1991 near Sidney, B.C. as the Artificial Reef Society's first major reef project, has graphically demonstrated how rapidly reef colonization can occur within B.C.'s plankton-rich coastal waters. Within 100 days of its sinking, the *G.B. Church* already hosted more than two dozen species of marine creatures, including small schools of rockfish and schools of up to several hundred tube-snouts hovering near the ship's two masts. On the decks and inside the gutted hull live several species of crustaceans, including a very large number of striped shrimp. Juvenile two-spot prawns, a commercially important species, have also colonized the newly created artificial reef.

I appreciate the indulgence of the house because my statement is longer than, perhaps, it should be.

We should also consider other projects such as this one on the east coast. They are prime tourist attractions. In addition, there are tourist aspects, or "eco-tourism aspects" to an artificial reef. In a previous British Columbia government report it was estimated that a single artificial reef could be worth an additional $1 million per year to a community, not to mention all the spin-off benefits to the nation.

Based on what is currently happening in the Sidney, B.C. area with the *G.B. Church*, this appears to be quite true. The hotel operators and dive charter operators in the Sidney area report significantly increased off-season tourism and, in particular, American off-season tourism with divers coming up from Oregon and Washington specifically to dive the *G.B. Church*.

The Chairman: Honourable senators, is it agreed that Senator Perrault be allowed to finish his statement?

Hon. Senators: Agreed.

Senator Perrault: Once the *Chaudière* is sunk she will become an instant tourist attraction for divers from all over the world. In particular, divers will be drawn to the central part of the Gulf Islands to study not just the majesty of this ship under water but the marine growth on this vessel over the years. In particular, by drawing more eco-tourism dollars to the Nanaimo-Ladysmith area, she will draw more attention to the natural areas adjacent to her in Gabriola Pass and Porlier Pass. This is why this project is endorsed by ecological groups such as the Marine Life Sanctuary Society of B.C., and historical groups such as the Underwater Archaeological Society of British Columbia.

In short, this has been a win-win situation for all. The government has acted correctly and decisively. I thank them for it.

PRIVILEGES, STANDING RULES AND ORDERS

COMMITTEE TO REVIEW RULES—REQUEST FOR SUBMISSION OF AMENDMENTS

Hon. William M. Kelly: Honourable senators, I am prompted to make a comment as a result of the circumstance in which Senator Thériault found himself when he wanted to raise a question of privilege and found that that violated our new rules.

I have found myself in the same circumstance. The recent review of the rules was quite comprehensive.

Senator Frith: It does not matter, because you cannot raise a point of order about someone raising a point of order. Therefore you can't raise that either. Go ahead.

Senator Kelly: I am not doing that. I am suggesting to honourable senators that the rules, however they finally come out, affect each of us, not only in a caucus sense but individually as well. My information is that too few of us have come back to the Rules Committee with specific problems that we think exist in the rules. I have one and I will be advising the committee with respect to it.

I think we have to do more than simply wait until rules are altered and then complain, rather than, in more specific terms, suggest something better.

● (1420)

At the end of the day, we will have to live with the rules. I have found them quite confusing. I think some alterations or amendments are necessary, and I would urge honourable senators, sooner rather than later, to be more forthcoming about the changes they would like to see implemented.

THE ECONOMY

MONETARY POLICY—CHANGE IN DIRECTION APPLAUDED

Hon. H.A. Olson: Honourable senators, I have a foreboding that I shall live to regret congratulating the Leader of the Government, but I shall do so anyway.

Senator Frith: You are on a roll, sir. It won't last.

Senator Olson: I should congratulate the Leader, because he has apparently—I say "apparently" rather than "obviously" — conveyed the message that I have tried to deliver to him over the past three or four months about giving some assurance to Canadian investors and consumers that the government will not use monetary policy to clobber an increase in economic activity.

What prompts me to do this is articles in the *Globe and Mail* and *Financial Post* today, indicating that the Governor of the Bank of Canada has acknowledged, before the International Monetary Fund Conference in Toronto, that the bank is now going to ease up on the monetary policy for fighting inflation and will let the economy expand a little bit.

For that, I congratulate the Leader of the Government, because he has obviously carried the message I have been trying to give him for the past few months.

ROUTINE PROCEEDINGS

ROYAL ASSENT

NOTICE

The Hon. the Speaker informed the Senate that the following communication had been received:

RIDEAU HALL
OTTAWA

K1A 0A1

Mr. Speaker,

I have the honour to inform you that the Honourable Peter DeC. Cory, Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, will proceed to the Senate Chamber today, the 4th day of June, 1992, at 5:30 p.m., for the purpose of giving Royal Assent to certain bills.

Yours sincerely,

JUDITH LAROCQUE
Secretary to the Governor General

The Honourable
The Speaker of the Senate
Ottawa

[*Translation*]

DEBT SERVICING AND REDUCTION ACCOUNT ACT

TENTH REPORT OF COMMITTEE PRESENTED

Hon. Fernand-E. Leblanc, Chairman of the Standing Senate Committee on National Finance, has the honour to present the following report:

Thursday, June 4, 1992

The Standing Senate Committee on National Finance has the honour to present its

TENTH REPORT

Your Committee, to which was referred Bill C-21, "An Act relating to the accounting of certain payments for the servicing and reduction of the debt of Canada", has, in obedience to the Order of Reference of Wednesday, May 6, 1992, examined the said Bill and now reports the same without amendment, on division.

Respectfully submitted,

FERNAND-E LEBLANC
Chairman

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

[*English*]

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, may we have leave for third reading of this bill now so that it can be included in the legislation to be given Royal Assent this afternoon?

Hon. Royce Frith (Leader of the Opposition): Which bill are you referring to?

Senator Lynch-Staunton: I am talking about Bill C-21.

Senator Frith: No. I would like to accommodate my friend, but I was just saying to my colleague Senator Molgat that I want to speak to third reading on that.

On motion of Senator Lynch-Staunton, bill placed on the Orders of the Day for third reading at the next sitting of the Senate.

[*Translation*]

SPENDING CONTROL BILL

ELEVENTH REPORT OF COMMITTEE PRESENTED

Hon. Fernand-E. Leblanc, Chairman of the Standing Senate Committee on National Finance has the honour to present the following report:

Thursday, June 4, 1992

The Standing Senate Committee on National Finance has the honour to present its

ELEVENTH REPORT

Your Committee, to which was referred Bill C-56, "An Act respecting the control of government expenditures", has, in obedience to the Order of Reference of Tuesday, May 12, 1992, examined the said Bill and now reports the same without amendment, on division.

Respectfully submitted,

FERNAND-E LEBLANC
Chairman

The Hon. the Speaker: Honourable senators, when shall this report be considered?

[*English*]

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

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, for the same reasons, may we have leave for third reading today?

Hon. Royce Frith (Leader of the Opposition): And for the same reasons, no, but thanks for asking.

Senator Lynch-Staunton: Then at the next sitting.

On motion of Senator Lynch-Staunton bill placed on the Orders of the Day for third reading at the next sitting of the Senate.

BUSINESS OF THE SENATE

ADJOURNMENT

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, before proposing the adjournment motion I would like to give honourable senators an indication of our suggested working and sitting schedule up to the summer adjournment. It has been discussed with the Deputy Leader of the Opposition, and I hope it will meet with the approval of all senators.

As you know, we have Royal Assent today at 5:30. It is unlikely that we will be sitting until then, considering the few items of business that are currently before us under Orders of the Day. Therefore I suggest that as soon as we have completed our agenda for today, we suspend the sitting until Royal Assent, and that after Royal Assent we continue our sitting in order to receive Bill C-81, the legislation on referenda, which is to be voted on today in the House of Commons at around 5 o'clock. We could then give the bill first reading and, with agreement, reconvene on Tuesday. In other words, we would not sit either tomorrow or Monday, but reconvene on Tuesday afternoon at 2 o'clock.

The sponsor of Bill C-81, the Leader of the Government in the Senate, will make a statement for this side. I understand that Senator Stanbury will speak for the Opposition. We will then continue the debate and, I hope, have the bill in committee no later than Wednesday. I need not emphasize that this is a bill that the government feels should have as rapid passage as possible, for reasons that have already been made public.

Next week we would sit Tuesday, Wednesday, Thursday, and Friday morning. The following two weeks we would sit 5 days; Monday evening, Tuesday, Wednesday, Thursday and Friday morning with the aim of leaving here no later than June 23. Again, all these plans are subject to change, according to what happens elsewhere, which might upset the suggested schedule.

Senator Frith: The vagaries of June life.

Senator Lynch-Staunton: Yes. I have on my list 19 bills that we can expect to receive from the House of Commons for first reading. I hasten to say that they do not necessarily have to be passed by the June break. I am merely giving an indication of the volume of work ahead of us.

Therefore, honourable senators, if the foregoing schedule of sittings is agreeable to you, then with leave of the Senate and notwithstanding rule 59(1)(h) I move:

> That when the Senate adjourns today it do stand adjourned until Tuesday next, June 9, at 2 o'clock in the afternoon.

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

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, I believe that the Deputy Leader of the Government has indicated our conversation correctly. I have checked with our speaker on the referendum bill, Senator Stanbury, and he has indicated that he is prepared to proceed on Tuesday. I have also told the Deputy Leader that I know of no others who wish to speak, but of course honourable senators are masters of their own time. However, I do not anticipate at this moment that there will be any delay and I anticipate that we can proceed with the bill.

Honourable senators, we recognize the importance of this bill. We in the Liberal Party have taken the position that there should be a referendum. Therefore, while we may have differences of opinion on some aspects, in principle it is a bill we support, so I do not anticipate any difficulties.

The schedule indicated for the next period of weeks is in accordance with our discussion.

Motion agreed to.

GOODS AND SERVICES TAX

PRESENTATION OF PETITIONS

Hon. Royce Frith (Leader of the Opposition): Honourable senators, I have a bundle of petitions from Canadians against the GST and asking for an election. I do not know whether the Big Ben election clock has caught their attention.

Senator Doody: Little Ben has bonged.

Senator Frith: Yes, perhaps. I will have to leave that with you, Senator Molgat, to straighten out with Senator Doody. In any event, I am told it did chime today.

These petitions are against the GST and ask for an immediate election. They come from the following areas: In New Brunswick; Atholville, Campbelton, Chatham, Dalhousie, Edmunston, Eel River Crossing, Grand Falls, Grand Sault, Moncton, New Castle, Red Bank, St. Leonard, St. Jacques and Tide Head. In Ontario, from Ottawa.

Senator Doody: From my own office?

Senator Frith: No, but thank you for raising it.

Senator Lynch-Staunton: That rings a bell.

Senator Frith: I can understand why you would think so. It brings all our memories back to the famous petition presented in fact by Senator Doody in favour of the GST. The names were indeed not from his office but from Senator Murray's office.

Senator Molgat: All three of them.

Senator Frith: All three of them plus a fax, if you will remember, from the President of the Chamber of Commerce. It was a crowd of four. I can understand, as I say, why that triggered the reaction it did from Senator Doody.

Senator Doody: I want to remind you that it was a very successful ploy.

Senator Frith: Was it really? I would not know. Anyone who is interested in further details can read a book on the subject.

The petitions from Quebec are from: Beauport, Gaspé, Grande Rivière, Grande Rivère Ouest, Hopetown, L'Alverne, Lévis, Nouvelle, Nouvelle Ouest, Pointe-à-là-Croix, Pointe-à-là-Garde, Quebec City, St-Alexis, St. Joseph, St. Omer, St. Sauveur, St. Siméon, Ste. Thérèse de Gaspé, Val-Bélair. Totals are as follows: from Quebec 31, petitions with 544 names; from New Brunswick, 13 with 244 names and from Ontario, 1 petition—better than a photo finish but barely nudging ahead of the number of people on Senator Doody's list—with seven names.

[*Translation*]

Hon. Jacques Hébert: Honourable senators, I have the honour to present petitions signed by 75 citizens of Ontario who oppose the goods and services tax.

These petitions come mainly from Hamilton, Thornhill, Toronto, Scarborough, Mississauga, Etobicoke and Ottawa.

Finally, there are petitions signed by 511 citizens of British Columbia who oppose the goods and services tax.

These petitions come mainly from Kamloops. This is a grand total of 586 petitioners, many of whom are especially outraged that books and periodicals are not exempt from the goods and services tax.

● (1440)

QUESTION PERIOD

[*English*]

THE ECONOMY

REQUEST FOR RECONCILIATION OF ECONOMIC INDICATORS

Hon. Royce Frith (Leader of the Opposition): Honourable senators, I want to accept the invitation of the Chair to pursue in Question Period the issue of economic indicators and statistics that was raised during Senators' Statements. We have the figures that were put on the record yesterday by the Leader of the Government and repeated earlier today.

I imagine that, from personal knowledge, he knows as much about the figures he quoted as I know about the ones I am about to quote. However, for the sake of the record, perhaps it would be a good idea for us attempt to reconcile the figures he mentioned yesterday with regard to car sales with ours, which are apparently from the same source.

Referring to the briefing material in his book, the Leader of the Government stated, I believe, that car sales were up in May.

Senator Murray: In April, new car sales were up.

Senator Olson: Very selective.

Senator Frith: Let us say it is; but maybe someone could accuse me of being selective.

Senator Olson: No, he is selective.

Senator Frith: I understand, but I might be accused of the same thing. I am selecting figures which, to me, certainly seem to contradict those that the Leader of the Government put on the record, and, in any event, they certainly seem to contradict the implication that the economy is recovering.

I will tell you exactly what I am going to quote from. It is an article that appeared in the Toronto *Star* of June 4, which seems to be based on information from Statistics Canada, as are the Leader of the Government's figures. Admittedly, these quotations are selected, because I do not want to read the whole article; but I offer it to anyone else who wants to read it.

The headline is, "Stall in sales of cars surprise to economist". The first paragraph states:

> Car sales fell sharply in May from levels a year ago, although there was an ever so slight improvement from April.

Now, that might be the measure of reconciliation. Here are the figures. Truck and van sales were down 14 per cent to 39,923. It quotes an economist who expressed surprise that the car market has "failed to show the same improvement creeping into the housing sector". Apparently there is some improvement in the housing sector and I expect we will hear about that from the Leader of the Government at the appropriate time.

The next paragraph states that car sales to the end of May are down 10 per cent from 1991 levels, to 344,511, although truck and van sales are ahead about 2 per cent to 131,748. Then it quotes Ted Goellner, Vice-President of Sales at Ford Motor Company, on low levels of consumer confidence. That is interesting. Did we not have an indication yesterday that consumer confidence was up?

Senator Olson: Oh, yes, and investor confidence.

Senator Frith: Mr. Goellner said:

> . . . low levels of consumer confidence and over-all economic uncertainty still seem to be stalling the sustained recovery that we are looking for throughout 1992.

The particular manufacturer's figures are as follows.

> [Ford's] car sales were down in May just 4 per cent to 15,133, while big General Motors of Canada saw sales plunge 24 per cent . . .

Now, was it not Senator Barootes who said yesterday that the car manufacturers are working overtime to manufacture cars?

Senator Olson: But he says anything.

Senator Barootes: It was reported in the papers.

Senator Frith: No, no, Senator Olson, they may be working overtime. However, if their sales have dropped and they are working overtime to produce more cars, it is certainly reasonable to infer some imprudence on their part.

Chrysler's automobile sales were down 24 per cent and GM truck sales were down 17 per cent. After five months of 1992, GM truck sales are down 9 per cent.

So the information we seem to be getting is that the indicators are much more depressing than —

Senator Simard: This is Question Period. This is no time for speeches.

Senator Frith: I am not making a speech, senator.

Senator Perrault: He is terrified by the facts.

Senator Frith: No, I think he just came in. He has not been following it. He did not hear the first part.

Senator Simard: I think you are out of order.

Senator Frith: No, I am not out of order. I think probably you are only saying that because you did not hear the beginning of my intervention.

Senator Perrault: You are bewildered by the facts.

Senator Frith: I did not think you would like these statistics, sir. They were not quoted to please you. In any event, I am asking the Leader of the Government in the Senate if he will attempt to reconcile those figures. I do not expect him to do so today. However, the article, the Vice-President of Ford and *The Economist* all seem to be drawing on the same figures, making what appear to be contradictory statements and certainly drawing inferences that contradict those we were asked to draw yesterday.

I am asking whether the minister will check his book for them, or have his book brushed up to include those apparently contradictory figures.

Hon. Lowell Murray (Leader of the Government): Honourable senators, let me make a couple of very brief comments. First of all, the Canadian automotive industry, like its counterpart in the United States, has been experiencing a cyclical slowdown. We all know that. I will put that in perspective in a moment. It has been experiencing a cyclical slowdown.

The statistic which I put on the record yesterday, and which I will stand by unless Statistics Canada corrects it, was for the purpose of indicating that, even in the automotive sector, things are beginning to pick up.

Senator Perrault: So there were fewer closures this week?

Senator Murray: I pointed out, and I stand by it, that in April new car sales were up 2.6 per cent. That is what I said. I think that is an indication, a small but significant indication—

Senator Olson: But it is deceptive. What happened in the rest of 1992?

Senator Murray: I will put the overall automotive situation in perspective in a moment. I quoted that statistic, a 2.6

per cent increase in the month of April, as an indicator that, in the automotive sector, things are beginning to pick up.

I also quoted that statistic, that 2.6 per cent increase in new car sales in the month of April, for the purpose of indicating an increase in consumer confidence. If you take that statistic, a 2.6 per cent increase in new car sales, and put it with an increase in new housing starts, for example, in the last month, there again you have some evidence of a pick-up in consumer confidence.

As I acknowledged the other day in an exchange with the honourable Senator Olson, consumer confidence is still not where we want it to be in terms of contributing to a prolonged and sustained period of economic growth, but it is picking up. Those were the indicators which I placed on the record.

Senator Olson: But it dropped again in May.

Senator Murray: Those were the indicators I placed on the record yesterday in order to reinforce the point that I have made.

● (1450)

Let me, very briefly, place the Canadian automotive sector in perspective. Canada's share of total North American production has increased from 14.5 per cent in 1981 to 24.2 per cent in 1990. In other words, Canada's percentage of total North American production, as of 1990, is over 24 per cent. We are now accounting for almost a quarter of total North American production for light vehicle assembly.

Senator Frith: Did you say now or 1990?

Senator Murray: 1990.

Senator Frith: A moment ago you said "now".

Senator Olson: We can find you more recent examples than that.

Senator Murray: Find me more recent examples that will show that Canada's share of total North American production in light vehicle assembly, for example, has not been increasing steadily in the past decade.

I have told you that our share of total North American production was 14.5 per cent in 1981 and that it was 24.2 per cent in 1990. With respect to components, our share of total North American production was 5 per cent in 1981. It was 11 per cent in 1990.

Let us talk about jobs in the automotive sector. The historic high was in 1989 at 167,700. In 1991, yes, it was down; it was down to 137,000, but that is 22 per cent higher than a decade ago. This is real progress in an important sector of the Canadian and North American economy, one which accounts for an important part of our export trade.

Gains have been made as well in productivity in the automotive sector, with each Canadian assembly plant worker producing 27 per cent more vehicles in 1991 than in 1981. All the recent independent studies indicate that the Canadian assembly sector has a significant labour cost advantage in comparison to U.S. plants.

What I am telling the honourable senator is that the fundamentals are right and that this a sector of the Canadian economy of which we can all be very proud and in which we can have considerable confidence.

Senator Frith: Honourable senators, I have sometimes accused the Leader of the Government, in answering these questions, of being an "artless dodger", but he has not dodged in this case. He has come to the very point of my question.

The Leader of the Government began by saying that he put his figures on the record yesterday to indicate that the economy, and particularly this sector, had picked up. That was the point of my question: How can we come to that conclusion when those in the sector are commenting on figures—and there is a graph that accompanies this, which is not hard to read — that demonstrate that car sales to the end of May are down 10 per cent from 1991 levels?

We can say that Mr. Goellner, the Vice-President of Ford, if he happened to read the Senate record, might reasonably wonder what kind of a Never-Never Land we are living in here in Ottawa and in the Senate when he reads that things are better in his industry.

I simply say that we should put on the record, for Mr. Goellner's benefit, that we pay attention to him, and we pay attention to Statistics Canada, and that he should understand that, as an accompaniment to the figures put on the record by the Leader of the Government, we are placing on the record what, to him, are the real figures that affect him. I doubt that Mr. Goellner or Mr. Vasic or anyone at Chrysler or General Motors would use the phrase "picked up" when describing the state of this industry.

Perhaps all we can do is leave the two sets of figures on the record, but it seems to me that in neither his answer yesterday nor today has the Leader of the Government come to grips with the problem, to the satisfaction of the people in the industry, by saying that things indeed are picking up. In fact, it seems that they are sliding alarmingly downhill.

Senator Murray: Let me offer the honourable senator some further encouragement about the state and prospects of the Canadian automotive industry.

Senator Frith: You have your "snow" book out again.

Senator Murray: It is only a matter of weeks since Ford announced an additional $2.1 billion investment at its Oakville and Windsor facilities, which is a strong vote of confidence in Canadian workers and in the Canadian economy!

Some Hon. Senators: Hear, hear!

Senator Olson: Why does he not answer the question?

Senator Murray: I know that the honourable senator has great difficulty in accepting that the market sometimes works, in accepting that private investment decisions are a harbinger of future economic growth, and he has great difficulty accepting my word and the word of government ministers for the prospects in the economy, but can he not accept and rejoice in a $2.1 billion investment in Oakville and Windsor?

Senator Olson: Answer Senator Frith's question. Why are we rejoicing about that?

Senator Murray: My honourable friends are hanging crepe about the state of the Canadian automotive industry, and I am telling them that a $2.1 billion investment by one company—Ford—in two plants—one in Oakville and one in Windsor—must tell the honourable senator something. Let him take it to heart; let him reflect on it; let him rejoice in it!

The Oakville car plant will receive a mandate for a new passenger van involving an investment of $550 million. The Oakville truck plant will reduce production to one shift with some models being transferred. The production of the new van will result in the creation of 1,100 new jobs, 650 of which will be taken by workers transferred from the truck plant. The investment includes almost $500 million already invested in a new paint line in Oakville.

Then there is the Windsor No. 2 engine plant, which is being reopened to produce a new generation truck engine requiring an investment of $1.1 billion and the creation of 850 jobs. Honourable senators, that news is all good.

That is just the news from Ford. Would the honourable senator like to hear the word from General Motors? He would? I have a speech here made by Mr. Peapples, the President and General Manager of General Motors of Canada Limited. He says:

> Our Ste-Thérèse car assembly plant in Quebec has recorded dramatic improvements in operational efficiency—progress that was largely responsible for the plant earning the right to build the new generation Cameros and Firebirds that debut later this year.
>
> Working together to solve problems and increase efficiency has become virtually institutionalized in the plant—second nature, if you will.

Then he adds—this is General Motors:

> Our Windsor, Ontario trim facility has a similar approach and has enjoyed some encouraging successes. As a "focused factory", trim is better able to leverage its strengths against some very tough competition.

To whom and to what do we owe much of this progress in the Canadian economy?

Senator Frith: This is not a filibuster of Question Period by any chance, is it? Are we to be cut off?

If the Speaker attempts to cut us off because of all of this—

Senator Murray: The President of General Motors says:

> The economic fundamentals are in place for a recovery.

He says:

> Much of our ability to compete successfully is directly linked to our ability to put in place the right structures and the right processes to increase productivity and improve quality.

[Senator Murray.]

He further says:

> We also need a competitive tax structure as well, and I welcome this occasion to compliment the federal Finance Minister for his initiatives in the recent budget.

Some Hon. Senators: Hear, hear!

Senator Perrault: A very stirring address.

Senator Frith: Honourable senators, I now understand what we are to tell crepe hangers. Mr. Goellner, for example, who is the Vice-President of Sales at Ford Motor Company, is a crepe hanger when he talks about lower levels of consumer confidence and refers to the fact that sales are down. We should tell him that he should consult with Senator Murray before he hangs crepe.

Senator Olson: And he can put some selective statistics out.

Senator Frith: Yes, and if he does ever have to lay anyone off because of lower sales, he can send the union to Senator Murray, who can tell them that things are terrific.

In other words, Mr. Goellner, check with Senator Murray and stop hanging crepe. If you are not satisfied in general, Senator Murray will tell you how good things were between 1981 and 1990. That should help you, Mr. Goellner. The fact that sales are down should not be bothering you, because things were good in 199O.

It is the same for General Motors, whose truck sales are down 17 per cent. They, too, are crepe hangers. I assume they furnished the figures that went to Statistics Canada, but they are hanging crepe. They should be told that the figures that they are filing are actually evidence of good news, and that when they refer to them they are hanging crepe—as was Chrysler, whose sales were down 24 per cent in May.

At least Senator Murray has his figures on the record, and Mr. Goellner, Ford, General Motors and Chrysler can understand that as far as the government is concerned, they are crepe hangers and they should be focusing on how things were in 1990 and the fact that they are making investments in plant.

The record is there. Anyone can decide which is the more reasonable inference.

Senator Murray: Honourable senators, let me just repeat that inflation was at 1.7 per cent in April. We are presently running—and have been running—the lowest inflation rate of any of our competitors.

Senator Frith: Explain that to Mr. Goellner.

Senator Murray: What does that tell you about our competitors?

Senator Olson: It means that we have a sick economy, that is what it means.

Senator Murray: Look at the economy in recent months; it is the strongest it has been since World War II. What does that

tell you about our competitive position vis-à-vis other countries?

Senator Frith: I hope Mr. Goellner is listening.

Senator Murray: Inflation is at 1.7 per cent, the lowest in twenty years.

Finally, honourable senators, because this is Thursday and I know that the honourable senator was rising with a view to asking this question, the bank rate fell by another 10 points at noon today from 6.33 per cent to 6.23 per cent—the lowest since 1973. Is it any wonder that business and consumer confidence is picking up?

Senator Frith: It would be a wonder if they were, but they are not.

Hon. H. A. Olson: Honourable senators, I want to give the government all the credit they want for lowering the inflation rate, but there are some people out there who are a little more intelligent than that. What they measure is the difference between the prime interest rates and the rate of inflation. It is just as high today as it was six months ago and two years ago — that is, somewhere around 5 or 6 per cent. That is the real interest rate today. It has not changed very much.

I want to set all that aside and ask the Leader of the Government one simple question, because it is important to people. We know that the governors of the central banks—Mr. Greenspan in the United States, Mr. Crow in Canada, and several others whom I will not name—are meeting in Toronto. All of them, at various times and places, have expressed their satisfaction with the news that they are hearing because the economies in their countries are now beginning to show signs of improving.

The rank and file—that is, ordinary Canadians—listen more to what the government's intentions are than to what the governors of the central banks have to say. They may express all this happiness, but will the government give us a commitment, now that inflation is down and even though the spread is as bad as it ever was, that they will stop using monetary policy to clobber people who may wish to borrow some money? In other words, if the economy starts to pick up again, can we have some assurance from the government that they will not increase interest rates to the point where they are hurting people?

Senator Murray: How can the honourable senator talk about clobbering people with interest rates when interest rates are at their lowest in 20 years?

Also, the honourable senator referred to real interest rates.

Senator Olson: Yes.

Senator Murray: I am here to tell him that real interest rates in this country are lower than for most of our competitor countries.

Senator Olson: Careful, because the difference between inflation levels and interest rates is what I am talking about.

Senator Murray: I know what it is.

Senator Olson: That is, in case you did not know about the definition.

Senator Murray: I know what it is and I am telling you that real interest rates in this country are lower than the rates in most competitor countries.

Senator Olson: Will you get to the other question, namely this governments's policy to keep interest rates down so that people have at least a chance to pay off on whatever investments they may wish to make?

Senator Murray: Honourable senators, why does the honourable senator think that we invested so much time and effort in bringing inflation down to where it is? It was in order to bring interest rates down. That policy has been successful. Because of that policy, the fundamentals are in place for renewed and sustained economic growth.

Senator Perrault: Bafflegab!

Senator Frith: And nothing is happening. The news is: It is all bad.

Senator Murray: I put those indicators on the record yesterday to show that that is exactly what has been happening.

Senator Frith: It is, but it is not working out correctly.

Senator Olson: Both the Leader of the Government in the Senate and the Minister of Finance are continually saying, "We are always poised and ready to go, but we never get started." Now people want to have some reassurance that if they do get started, you will not clobber them with interest rates again.

Senator Frith: But the fundamentals are in place. They can go back to the bank and see if they can borrow on that.

Senator Olson: I guess so.

Hon. Gildas L. Molgat: Honourable senators, yesterday the minister, in replying to a question, gave us some glowing figures about business confidence. He said:

> I want to tell the honourable senator that the index of business confidence increased by 16.1 per cent in the first quarter of 1992.

Could the minister tell us what exactly is this index of business confidence? Is that a Statistics Canada figure? He repeated it again later as a great indication of a "sustained and prolonged economic growth" taking place.

Senator Murray: I will obtain for the honourable senator a technical statement of exactly what the components of business confidence are and how it is measured.

Senator Frith: Could he also obtain any other indicators that there are on business confidence, because obviously Mr. Goellner of Ford is reading a different set of indicators.

Senator Murray: Honourable senators, I have just placed two examples on the record. One was the statement by the president and general manager of General Motors of Canada and the second was the decision of the Ford Motor Company

to invest another $2.1 billion in its Oakville and Windsor plants.

Senator Frith: That specifically said that consumer confidence was down.

Senator Murray: That speaks to business confidence.

Senator Frith: Business confidence? But consumer confidence is down.

Senator Murray: Honourable senators, I spoke about the automotive sector a few moments ago. It has been in a cyclical downturn, but it is picking up.

A $2.2 billion investment on the part of Ford and the announcement of General Motors of success and increased productivity are all the evidence you need that there is confidence in an expanding automotive sector, just as there is confidence in an expanding national economy in this country.

Senator Frith: You would have a great future in the automotive industry in convincing them that they are all wrong!

Senator Molgat: My honourable friend has now repeated twice over that consumer confidence is up. Would he be prepared to put in the black book that he carries around with all the details this latest result from the Gallup poll, which says that 91 per cent of Canadian believe that the recession is not over?

Senator Olson: Yes, let him do that.

Senator Molgat: My honourable friend speaks about consumer confidence. A new Gallup poll shows that 91 per cent of Canadians believe the recession is not over. Only 6 per cent maintain Canada's recessionary woes are a thing of the past. Another 3 per cent have no opinion. Would my honourable friend put that into his book and when he is spouting these figures to Canadians would he also give them these facts?

Senator Murray: Honourable senators, this argument could go on all day, but the fact of the matter is that there has been a tremendous increase in investment. We have had a net inflow of investment this year, as I told you, for the first time since the National Energy Program which drove investment out of Canada.

Senator Olson: Oh, come on.

Senator Murray: That was the honourable senator's program back in the 1980s. Those investment figures that I have placed on the record are solid evidence of confidence in an expanding Canadian economy. The Gallup poll did not put $2.1 billion into new plants and equipment. Ford of Windsor and Oakville are doing so.

Senator Frith: The people are all fools. We know that this government thinks that.

Senator Molgat: Obviously, my honourable friend operates on the basis that, if you repeat something often enough, some people may believe it.

[Senator Murray.]

CANADA-UNITED STATES FREE TRADE AGREEMENT

CANADIAN STEEL INDUSTRY—U.S. PROTECTIONISM —GOVERNMENT POSITION

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): I would like to go to another question. Recently the Prime Minister was in the United States to speak to the President regarding the continual trade harassment by the Americans. They find new problems to bring up in spite of the free trade agreement.

Would my honourable friend tell us whether the Prime Minister is prepared to go back and see the President in the light of what is happening in the steel industry? The Americans are now threatening an attack on the Canadian steel industry and threatening to prevent our so-called free trade with them. Would my honourable friend indicate what the government is going to do?

Hon. Lowell Murray (Leader of the Government): The honourable senator should make, and understand, the important distinction here. It is not the United States' administration that is threatening to take a more protectionist route against foreign steel. It is the United States' steel industry that is threatening to do that. As I recall, they are aiming at about 70 countries, of which Canada is one. What we have, that none of the others has, is a dispute settlement mechanism under the free trade agreement to which we will certainly have recourse if the United States' industry obtains any success in its current campaign.

Senator Molgat: But the Prime Minister declared victory after his trip to Washington. The matter was now going to be settled. The President would see to it that this harassment did not continue. Here we are, barely two weeks after the visit, and the Americans are starting again on one of our major industries. My honourable friend says they are not attacking Canada, they are attacking the world; but we are supposed to be protected from that by a free trade agreement. We are supposed to be protected from that by the so-called close friendship between the Prime Minister and Mr. Bush. He told us two weeks ago that Mr. Bush was going to take action.

Senator Murray: Honourable senators, the United States steel industry, like other United States industries, retained the right, under the free trade agreement, to invoke American law against foreign competition, as the Canadian industry also retained its right to invoke Canadian law against foreign competition where necessary. That is as it is and as it should be. We have the right to a dispute-settlement mechanism under the free trade agreement, if the United States steel industry has any success with its present campaign, which none of our other competitors have vis-à-vis the United States.

I think it is rather obtuse of the honourable senator to suggest that President Bush in the United States, the Prime Minister here, or any other leader in a free society, can compel the

private sector in his country to do something. The discussions between the President and the Prime Minister—

Senator Olson: It will happen at the border with the U.S. administration, if it happens.

Senator Murray: Well, if it happens—if! Honourable senators, the purpose of the discussions between the Prime Minister and the President of the United States is precisely to ensure that, before any such decisions are made by the administration, consultations are held at the highest level of the U.S. administration and we are not harassed by bureaucratic decisions or even political decisions at a lower level.

Senator Molgat: Then we are to conclude—

The Hon. the Speaker: I must advise honourable senators that the 30 minutes allotted to Question Period under rule 23 (7) have expired. Is there agreement that Senator Molgat ask a further question?

Senator Lynch-Staunton: One question.

Senator Molgat: We are then to conclude, from what the leader now tells us, that Mr. Bush has no authority over this, that there is nothing he can do, that the trip was pure window dressing. It was to impress Canadians that the Prime Minister was doing something; but in fact he went to see a man who, the minister now tells us, can do nothing about the situation. When the Prime Minister declared victory and said that it was now going to be better, that was purely for Canadian consumption and had nothing to do with the facts.

Senator Murray: The honourable senator should read what I have just explained to him about the meeting between the United States President and the Canadian Prime Minister and the undertakings that were given there by President Bush.

Senator Frith: And you read what Senator Molgat said.

ORDERS OF THE DAY

PRIVATE BILL

GREEN SHIELD CANADA PREPAID SERVICES ASSOCIATION—REPORT OF COMMITTEE ADOPTED

The Senate proceeded to consideration of the Sixteenth Report of the Standing Senate Committee on Banking, Trade and Commerce (Bill S-10, to incorporate the Green Shield Canada Prepaid Services Association—with certain amendments), presented in the Senate on 3rd June 1992.

Hon. Norman K. Atkins: Honourable senators, I move that this report be adopted.

The Hon. the Speaker: Honourable senators, is it your pleasure to adopt the motion?

Hon. Royce Frith (Leader of the Opposition): Honourable senators, when a committee reports a bill with amendments, I believe you need one day's notice to move the adoption of the report, although you do not when there are no amendments. It may be that we will be giving leave, but unless I am wrong about, honourable senators, that is the case when there is a report with amendments. It makes sense that it would be so, because we would want to have time to consider the amendments. So I think Senator Atkins has to ask for leave.

The Hon. the Speaker: I understand the report was presented yesterday by Senator Poitras.

Senator Frith: Then that is fine. He would only need leave to move third reading, not to debate the adoption of the report. I am sorry.

• (1520)

Senator Atkins: On May 22, my colleague spoke to this bill at second reading and I believe gave a thorough explanation of its contents. I want to thank him for the opportunity to speak to the bill as it returns to us from the Standing Senate Committee on Banking, Trade and Commerce. Once again the process has served us well.

Honourable senators on the committee have approved Bill S-10. However, their consideration and some judicious comments made by the Honourable Leader of the Opposition earlier during second reading have led to four amendments to the bill. There are really only two amendments and two further changes by amendment necessary as a consequence.

Very briefly, the first amendment is to shorten in the bill the official name of Green Shield Canada Prepaid Services Association to Green Shield Canada or, in French, le Bouclier vert du Canada. In fact, the simple reason for the change is to shorten the title or name, as Green Shield incorporates nationally, so that identification is easy in either official language.

The second purpose of the amendments is to respond to observations offered by Senator Frith, who has graciously co-sponsored the bill. The honourable senator noted that upon wind-up of the not-for-profit corporation—even though with this bill Green Shield will be national—any remaining surplus would be turned over to an Ontario-based foundation.

In response to the senator's observation, Green Shield's management has initiated appropriate legal procedures to establish a national foundation, the Green Shield Canada Foundation. This, along with the amendments before you, will ensure that, should Green Shield one day be wound up, the remaining surplus of this nationally incorporated not-for-profit organization will flow to a national foundation.

I hope my honourable colleagues on both sides will see this bill, which accommodates an oversight in existing legislation and the amendments I have just described, as in order, and will approve the bill with amendments so that it may be sent on to the other place. I thank you go for your consideration.

Senator Frith: Honourable senators, just to be sure that it is clear on the record what I was wrong about—

Senator Simard: Don't let that bother you, Senator Frith.

Senator Murray: We will take your word for it.

Senator Frith: Just for the sake of the record, in case anyone who sees that I admit I was wrong thinks that, in fact, one day's notice is not needed, I thank all my colleagues on the other side for their magnanimity. Thank you, Senator Barootes; thank you, Senator Doody; thank you, Senator Simard. However, if you will just be quiet, we will save a lot of time.

The error that I was guilty of was that I did not notice that the report was on yesterday's Order Paper and thought that the report was being brought in for the first time today.

As Senator Atkins pointed out, when I spoke to the bill on second reading on May 22, I indicated my support but raised a question about the relationship of Green Shield Canada Prepaid Services Association and the Green Shield Foundation. Clause 10 of the bill provides that where Green Shield Canada Prepaid Services Association has accumulated a surplus, that surplus may be distributed to a charitable or non-profit corporation.

A logical candidate for the surplus, if there ever is one, would be the Green Shield Foundation, which in clause 10(3) is described as "a body corporate incorporated under Part III of the Corporations Act of Ontario". I underline the word "Ontario".

When I examined the bill, I wondered about the object of Green Shield Prepaid Services, which will be operating nation-wide as a result of this bill, funnelling its surplus to the foundation which, because it is incorporated in the province of Ontario, is limited to doing business primarily within the boundaries of that province. As I said on May 22, the end result would be that the foundation could launch a new scheme of benefit primarily to individuals and companies resident in Ontario which was funded, at least in part, from the nation-wide operations of the association in such provinces, for example, as Senator Barootes' Saskatchewan or Senator Simard's New Brunswick. I went on to say that if the foundation were incorporated federally, of course, that scenario would not be relevant.

The amendments we have before us from the committee reflect the fact that Green Shield has taken steps to federally incorporate the foundation, the original bill having already provided for federal incorporation of the Green Shield Association—that is, the original operating company.

Among the materials distributed to the Banking Committee on Tuesday was an application dated May 27, 1992 for incorporation of the foundation under Part II of the Canada Corporations Act. To understand what we are being presented with, I continue to underline the difference between the association and the foundation. Once we pass this bill, the Green Shield Foundation will have a federal charter and will be able to operate in all parts of the country, as will the association. Any surplus of the association that is funnelled to the foundation will now be going to an entity which will be in a position to offer its services to residents in every part of Canada.

[Senator Murray.]

This change in the status of the foundation is reflected in the amendment to clause 10 that is being recommended by the committee. Instead of describing the foundation as:

> The Green Shield Foundation, a body corporate incorporated under Part III of the Corporation Act of Ontario . . .

clause 10 would be changed to read:

> The Green Shield Canada Foundation, a body corporate incorporated under Part II of the Canada Corporations Act . . ..

The other amendments being recommended by the committee concern the official name of the entity which is being incorporated under the legislation; that is, what we have been calling the original corporation, or the association. Instead of being known as the Green Shield Canada Prepaid Services Association, which is a bit of a mouthful, it will be known as simply Green Shield Canada. It does drop the descriptive word "prepaid" but the resulting Green Shield Canada does appear to me to be a much more elegant designation.

That is the crux of the committee's report. We are already on record as approving the original bill. These are the changes that are recommended by the committee and the reasons for those recommendations. I share in Senator Atkins' recommendation and proposal that the report be adopted.

Motion agreed to and report adopted.

THIRD READING

The Hon. the Speaker *pro tempore:* When shall this bill be read the third time?

Senator Atkins: Honourable senators, with leave now.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): I wonder if the honourable senator would explain why leave is required? I think he knows my normal view on the matter of leave.

Senator Atkins: Senator Molgat, originally the idea and the hope was that this bill would receive third reading tomorrow. In view of the Deputy Leader's announcement earlier that the house would not sit until Tuesday, it is hoped that we can pass this bill and send it on to the other place for approval. My understanding is that if we do that, it will receive approval before the summer recess. Therefore, the sooner we get it to the other place, the better.

● (1530)

Senator Molgat: Honourable senators, owing to the fact that the House, according to its calendar, has set its adjournment for Monday, June 23, I see the urgency in getting the bill over there. I conclude from my honourable friend's comments that he has some assurance that, if we proceed today, the other place will deal with it forthwith and pass it before the adjournment.

Senator Atkins: I have every indication from the sponsor in the other place that as a result of the work that has been done there is a guarantee that it will get through.

Senator Frith: You have always been quite well-connected with the other place.

Senator Molgat: On that basis, I am prepared to give leave.

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

Motion agreed to and bill, as amended, read third time and passed.

The Hon. the Speaker *pro tempore:* Honourable senators, pursuant to rule 136(4), the sitting is suspended until 5.25 p.m.

The Senate adjourned during pleasure.

At 5.30 p.m. the sitting of the Senate was resumed.

The Senate adjourned during pleasure.

ROYAL ASSENT

The Honourable Peter DeC. Cory, Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy 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 Deputy Speaker, the Honourable the Deputy Governor General was pleased to give Royal Assent to the following bill:

An Act to amend the Extradition Act (*Bill C-31, Chapter 13, 1992*)

An Act to amend the Competition Act (multi-level marketing plants and pyramid selling) (*Bill C-68, Chapter 14, 1992*)

An Act respecting National Public Service Week: Serving Canadians Better (*Bill C-328, Chapter 15, 1992*)

An Act to amend the National Defence Act (*Bill C-77, Chapter 16, 1992*)

An Act to provide for the imposition of special economic measures (*Bill C-53, Chapter 17, 1992*)

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.

REFERENDUM BILL

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-81, to provide for referendums on the Constitution of Canada.

Bill read first time.

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

On motion of Senator Lynch-Staunton, bill placed on the Orders of the Day for second reading at the next sitting of the Senate.

The Senate adjourned until Tuesday, June 9, 1992, at 2 p.m.

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THE SENATE

Tuesday, June 9, 1992

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

Prayers.

THE LATE HONOURABLE GEORGE VAN ROGGEN

TRIBUTES

Hon. Royce Frith (Leader of the Opposition): Honourable senators, our colleague George van Roggen passed away yesterday afternoon at about 3 o'clock Vancouver time. I received a call from his wife Janie about an hour after that. As is our custom, I believe the Leader of the Government proposes to adjourn immediately after tributes as a sign of respect and affection for our colleague.

Often in the past, when we have been informed of the passing away of one of our colleagues while we are sitting, we have simply adjourned. We have agreed to do that in this case, but to express our tributes before we adjourn. The Leader of the Government and I recommend to you that we do so today because we feel that this is an appropriate time. It seems to us that, in circumstances where we adjourn as a sign of respect, it is appropriate to express our tributes at the same time.

Honourable senators, all of you may not know, although a good many of you do, that the tributes to-day will be somewhat difficult for me because George was virtually a lifelong friend, a very close if not my closest friend. Appropriate as it is for us to adjourn for the reasons mentioned, it probably is not appropriate for me to try here to share with you some of my more personal feelings and memories of George from among the thousands of hours we spent together as colleagues in politics and as friends who shared such a variety of other experiences together over the 40 or 45 years of our friendship.

I was recently rereading some literary criticism and some text from Proust's *Remembrance of Things Past*, in its translation into English. However, the French title is *À la recherche du temps perdu*, which I think is more appropriately translated as "In search of lost time." At times like this, when you have to face the finality that dominates your loss of a dear friend, the experience is more a search for lost time than it is a remembrance of things past. I do not think I should say anything more about that now. I should rather use this occasion to accept the honour of being able to pay more formal tributes to my friend.

George van Roggen was born on July 22, 1921. He was called to the Bar of British Columbia in 1947. He was about two years my senior and, in fact, was called to the British Columbia Bar exactly two years earlier than I was called to the Ontario Bar. In 1948 he went north to become Crown Prosecutor and Public Administrator of the Yukon Territories, and stayed there until 1957. His law partner for many years was Erik Nielsen. I will resist the temptation to recount for the record some of the many stories George told me about their experiences there in the Yukon, many of which could easily have figured in poems by Robert Service.

In fact, in his modest style, when he was reminded that he was Crown Prosecutor and Public Administrator of the Yukon Territory, George used to say, "That title is more impressive than its reality."

He became involved in politics at an early age. He began in the early 1940s by serving for two years as Secretary of the West Vancouver Liberal Association. In 1948, he was a delegate to the National Liberal Convention which elected Louis St. Laurent party leader. As you can see, George goes a long way back in our party. In 1965, he was Chairman of the Liberal Party's federal election campaign committee; in 1968, he was Chairman of the provincial Liberal campaign committee. He was campaign manager for Senator Ray Perrault, when Ray was provincial Liberal leader, and he was President of the British Columbia Liberal Association—in effect, the party in British Columbia. In 1968, he was British Columbia campaign manager for Paul Hellyer during his bid for national leadership of the Liberal party.

George van Roggen was summoned to the Senate on November 4, 1971. The other members of the class of November 4, 1971, were Lorne Bonnell, Sidney Buckwold and Carl Goldenberg. In 1974, George was elected chairman of the Standing Senate Committee on Foreign Affairs, a position he held for 14 years. It is hard for many of us to remember that committee under any other chairman. His predecessor, as I recall, was another good friend of his, Senator John Aird, who later became Lieutenant Governor of Ontario.

To say that George had strong convictions is what in French is called a litote, or litotes in English—understatement for the sake of effect. Like many of the rest of us, he was occasionally wrong, but he was seldom, if ever, in doubt.

As I have said, George had been engaged in partisan politics from a very early age, but partisanship had its limits for him. We can recall his position, for example, on free trade. He was sometimes called the father of free trade. Under his outstanding chairmanship his committee produced three volumes of reports on Canada's relationship with the United States. Certainly the most famous of those reports was the one strongly supporting the concept of a free trade agreement with the United States. He gave lucid and impassioned evidence before the Macdonald Commission urging a recommendation favouring a free trade agreement. Mr. Macdonald has told me since that that evidence had a very real influence on the commission. If I recall, it was acknowledged in the report that his presentation to the Macdonald Commission in Vancouver had a very persuasive effect.

Permit me one personal reflection. We boated together almost every summer on the West Coast. George's boat was well known there. The name on its transom was "Free Trade".

Senator van Roggen was not always, to put it mildly, in lock-step with Liberal policy. Some of you may not recall this, but in 1976 he was quite scathing in his criticism of his own government because of its policy on cross-border advertising. I have a vivid memory of that, because it was before I was appointed to the Senate and one of my clients at the time was in fact a United States border broadcaster. I must say I did lobby Senator van Roggen quite mercilessly on the subject, apparently with some success as far as he was concerned, but not so far as the government was concerned.

George Van Roggen gave all senators early notice of what he considered his role to be in the Senate. I quote from his maiden speech on December 27, 1971, page 1726 of the *Debates of the Senate:*

> Neither now, nor I hope at any time while I am a member of this chamber, will I be influenced by editorial writers, by the Government, by the other place, by my own leader in this house, or by what I think the public thinks I should do. I shall not be influenced by even the rights of the Senate, or by threats or concern that this chamber might be abolished.
>
> I have been a lawyer for too long to have difficulty in distinguishing between my duty and winning popularity contests, and I shall vote on this matter, as I hope on all other matters, on the basis of one criterion only, and that is what, in my opinion, is best for all the people of Canada.

There can never be unanimity in politics about what, of course, is "best for all the people of Canada", but certainly I think we can find here, and I believe among all his friends and acquaintances, unanimity in saying that the interests of the people of Canada remained Senator van Roggen's primary motivation throughout his life.

Hon. Lowell Murray (Leader of the Government): Honourable senators, from the day I entered the Senate in 1979 I had the great good fortune to know and work with, sometimes closely, the honourable George van Roggen. For some ten years I served under his chairmanship on the Senate Foreign Affairs committee. As members of that committee, we travelled together to New York, Washington and elsewhere. We took part in annual meetings between Canadian parliamentarians and U.S. senators and congressmen.

George occupied various official roles from time to time as a member of our delegation. Whatever title he held in the organization, his knowledge of the issues, his long experience in these discussions, and the friendship and respect he had earned on both sides of the border guaranteed him always a recognized leadership role.

Whether he sat with the government or with the opposition in this chamber, he used his influence and knowledge in the most constructive ways. From time to time he provided information and offered advice to the present government on difficult trade disputes, and interceded with U.S. congressmen, senators and business people in support of Canadian interests. As the Leader of the Opposition has said, where the national interest was involved, political partisanship was never a consideration with Senator van Roggen.

His loyalty to the Liberal Party and his pride in his party were well known. When he parted company with his Liberal colleagues on a question such as Canada-U.S. free trade, it was obvious that he never lost their affection and respect, nor did he ever give any of us on this side the slightest reason to hope that his occasional differences with his colleagues in the Liberal Party had shaken his belief in liberalism and in his party. On the contrary, he would argue that he was steadfast in his Liberalism but that his colleagues had momentarily strayed.

George van Roggen was an avid student who never ceased to learn and to grow intellectually. He took great satisfaction in delving into complex issues of public policy: questioning, probing, arguing, sometimes affecting outrageous opinions, and enjoying it all immensely.

He was a stimulating colleague, a congenial companion, a warm and generous person, a man with a great faith in Canada's future and a strong commitment always to do his best for the country.

Prime Minister Mulroney, my cabinet colleagues and all of us on this side of the House sympathize with the many who are bereaved by Senator van Roggen's passing; that, of course, includes his family; his colleagues in the Liberal party and, in particular, the Leader of the Opposition, Senator Frith, who was a very close friend; many in British Columbia with whom he was associated in the practice of law, in business or in politics; and all who know of his fine contribution to Canadian public life.

Hon. Senators: Hear, hear!

Hon. Richard J. Stanbury: Honourable senators, I wish to add a few words to those excellent tributes by my own leader and by the government leader in the Senate.

My relationship with George van Roggen began after the Diefenbaker sweep of 1958, when the senior leadership of the Liberal party disappeared from at least the urban centres across Canada. A new generation sprang up to assume that leadership, motivated by our concerns for the country and by our admiration for Lester B. Pearson. I was a member of the group that went to work in Ontario, particularly in Toronto, and several people that you know and some of our colleagues now were part of that group. George was one of the principals in the British Columbia group centered in Vancouver.

The reason those groups were so successful in the early sixties was that they had so much fun together, saw things in the same way in politics and were so busy that they had no time for rancour.

George van Roggen was a prince of a man. He was refined, but with a common touch; he was wise, but not pompous; he was thoughtful, articulate and a thorough gentleman; he was highly esteemed and greatly respected among all of our contemporaries.

In 1971, George joined us in the Senate. I have enjoyed 21 years as his colleague, much of it as his seat-mate.

I spoke to George by telephone from time to time during his last illness. He was always concerned that his colleagues understood his condition. He would say: "Tell them I am not hurting; I am just losing strength." Unfortunately, I understand he did hurt toward the end, and that was when he went into hospital.

Honourable senators, I know we will all miss Senator George van Roggen and that the sympathy of all of us who knew him will go out to his wife Jane and to the members of his family.

Hon. Senators: Hear, hear!

Hon. Heath Macquarrie: Honourable senators, to presume to follow the three excellent tributes to Senator van Roggen is an attempt to paint the lily. I refer only to the time when I was the Deputy Chairman of the committee over which he presided with such dedication and distinction.

I admired Senator van Roggen always as a great internationalist. I knew that about him before I became a senatorial colleague of his. I was most impressed by his attitude and his performance in reference to the free trade agreement. He was indeed, I would say correctly, the father and inspirer of that agreement, and, although I matched his enthusiasm for it with my total lack of enthusiasm, I had great respect for the leadership which he gave. No man or woman in this country was more knowledgeable about that important development in our economic history.

I particularly admired Senator van Roggen's independence when he resigned from the committee on a matter of principle. I often think that the Senate, down through the years, may have lost on occasion by the reluctance of its members to display their independence. What legislative body could in fact be more independent than one which is sheltered from the cold blasts and the hot waves of public opinion? Why are there not more independent gestures and independent votes?

Perhaps that is what caused Harold Laski to say that the Canadian Senate does not even have respect for itself. Senator van Roggen spoke so clearly. It is just a coincidence that I left the Foreign Affairs Committee at the same time he did. While I have great respect for my academic and close friend Senator Stewart, I thought I had had enough of the free trade agreement. I find that the committee gets along well without me, and I get along just fine without going.

We salute today a great senator and a great Canadian, a man of independence and dignity, who carried on always with the demeanour of a gentleman. We shall miss him profoundly.

[Senator Stanbury.]

Hon. Jerahmiel S. Grafstein: Honourable senators, I should like to add some words as well in tribute to George van Roggen. George van Roggen—what a graceful name for a graceful man.

George personified for me the definition of a Pearson Liberal. He was devoted to his country and devoted to his party—but a party and a country that would only look outward and not look inward. It was in the early 1960s that I first met George. At that time he was a superb political organizer, a very intriguing tactician and a very skilful strategist. Above all he was a good person. As Senator Stanbury said, whenever you were in his company you enjoyed it.

He had a deep and interesting philosophy about the Liberal Party and about the structure of parties in this country. He felt that the party must respect all interests—not one type of interest but all interests: workers, the poor, the middle class, city dwellers, farmers, organized labour, big business and small business. The party, he felt, was a mediator, a consensus-taker and an important buffer between the parliamentary process and the public. If George disagreed with the consensus in the party, he was the first person to stand up against the wave and against the general viewpoint. He was a lawyer and businessman, but he had particular skills and a temperament that can best be defined as the classical skills of a solicitor. He was careful, he was prudent, he was thoughtful, he was sensitive, and he was loyal; but, above all, he had a deep reservoir of common sense.

It was my privilege to serve with him when he was Chairman of the Foreign Affairs Committee. During those meetings he would weigh every idea; he would listen carefully to every viewpoint; he would parse every word in drafting a committee report, just as if it were "Holy Writ". I asked him once, "Why this particular, meticulous care?", and he told me that what the Senate did was important. The public might not listen now, but they would learn later on. It was his opinion that what the Senate did was significant; what the Senate was doing could make a difference and, therefore, it was very important that a report issued by the Senate be carefully vetted and carefully considered.

George was a respectful man. He had a deep respect for the Commons and all it was meant to represent. He had a deep respect for the Senate and what it could stand for; he had a deep love of his country and what it does stand for.

George's passing is simply unacceptable. It is made tolerable only because his example as a gentleman and a friend burns so brightly. To his wife Jane and his family, the only consolation we can extend is that we share their loss and share their memories.

The Hon. the Speaker *pro tempore:* Honourable senators, we shall observe one minute of silence out of respect for our late colleague.

Honourable senators then stood in silent tribute.

Senator Murray: Honourable senators, out of respect for the memory of our late colleague, the Honourable Senator George van Roggen, I move, seconded by the Leader of the Opposition, that the Senate do now adjourn.

The Senate adjourned until tomorrow at 2 p.m.

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THE SENATE

Wednesday, June 10, 1992

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

Prayers.

BUSINESS OF THE SENATE

MOTION TO PROCEED TO ORDERS OF THE DAY ADOPTED

Hon. John Lynch-Staunton (Deputy Leader of the Government): As honourable senators will recall, it was our intention to begin debate on Bill C-81 yesterday but, owing to the sad event which quite properly led to an early adjournment, we could only begin today.

Moreover, today at three o'clock, the Co-chairman of the Special Joint Committee on Conflict of Interests, which had been studying Bill C-43, will table the committee's report in the other place. It is only appropriate that it be tabled in the Senate at the same time. This, with approval, will be done by the other Co-chairman, Senator Stanbury.

Senator Stanbury has indicated that he will also be speaking on Bill C-81, the referendum bill. In order to have both events take place today, particularly the tabling of the report at three o'clock, I would propose the following order of business to allow this to happen.

After approval of an appropriate motion, the order dealing with Bill C-81 will be called immediately and, once the debate is adjourned, we will return to Routine Proceedings. No matter what stage we have reached, at three o'clock the Speaker will interrupt proceedings and call Presentation of Reports from Standing or Special Committees.

If that is agreeable and there is no suggestion of discussion on that introduction, I would ask leave to put the following motion. I move:

> That the Senate proceed immediately to the Orders of the Day, and that the Order for second reading of Bill C-81 be called;
>
> That following the debate on the said Bill, the Speaker shall call the items under Daily Routine of Business; and
>
> That notwithstanding the above provisions, at three o'clock, the Speaker shall interrupt the proceedings and call Presentation of Reports from Standing or Special Committees, to permit the Co-chairman of the Special Joint Committee on the subject-matter of Bill C-43 to present the Final Report of the said Special Joint Committee.

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

Hon. Senators: Agreed.

Motion agreed to.

ORDERS OF THE DAY

REFERENDUM BILL

SECOND READING—DEBATE SUSPENDED

Hon. Lowell Murray (Leader of the Government) moved second reading of Bill C-81, to provide for referendums on the Constitution of Canada.

He said: Honourable senators, since the autumn of 1990, Canadians have been engaged in the process of consultation and discussion which we all hope will lead to agreement on constitutional reforms.

The Canada Round was launched unofficially in November 1990 with the appointment of the Citizens' Forum on Canada's Future headed by Mr. Keith Spicer. That Commission reported in June 1991.

In January of 1991, this Parliament appointed the Special Joint Committee on the Constitutional Amending Process, which later became known as the "Beaudoin-Edwards Committee". That committee, after public hearings, reported in June of 1991.

In September 1991, the government tabled, both here and in the House of Commons, a comprehensive set of constitutional proposals.

We referred these to a Special Joint Committee for a Renewed Canada which had been created in June 1991. That committee, the Beaudoin-Dobbie committee, reported in February 1992, again after extensive public consultations.

[*Translation*]

A series of conferences on a renewed Canada was held across the country starting in mid-January. The first conference held in Halifax from January 17 to 19 dealt with the distribution of powers. In the following weeks, other conferences on different subjects of the constitutional agenda took place. The second one was on institutional reform and it was held in Calgary from January 23 to 26. The conference on economic union was held in Montreal from January 31 to February 2, the one on identity, rights and values in Toronto from February 7 to 9 and finally the summary conference in Vancouver from February 14 to 16, 1992. These conferences brought together government representatives, experts and interested groups.

[*English*]

Several provinces have held public hearings either through legislative committees or government-appointed commissions, and these too have reported in the last little while.

Since March, federal, provincial and territorial ministers and aboriginal leaders have held 20 days of meetings in seven cities to try to negotiate the constitutional amendments that would emerge from the 1990-92 Canada Round. The Right Honourable the President of the Privy Council, Mr. Clark, is the Minister responsible for Constitutional Affairs. He has reported progress, but he and his provincial, territorial and aboriginal colleagues are meeting this week to try to resolve the major crucial issues that remain. They, and in particular their chairman Mr. Clark, have our admiration and gratitude, and, even at this late hour, our hopes for success—

Senator Frith: Even our prayers.

Senator Murray: They have even our prayers, as the Leader of the Opposition suggests, in the work that they have undertaken on behalf of the country. Whatever the outcome, the issues have not lacked public debate or discussion, and the one thing that it is safe to predict is that there will be much more public debate and discussion before any agreement is ratified by all the partners to the amending formula and proclaimed as the law of the land.

Bill C-81, which is now before us, would add another element to the Canada Round. It would make it possible for the federal government to hold referenda in one or more provinces, or in all of Canada, on any question relating to the Constitution. Honourable senators may recall that, in the Speech from the Throne delivered in in this chamber in May of 1991, we announced that enabling legislation would be brought forward to provide for greater participation of Canadian men and women in constitutional changes.

Honourable senators, I acknowledge from the start that I am not a great enthusiast—I do not think many of us here are—for referenda on complex issues in a country as diverse as ours.

• (1410)

Nevertheless, in arguing for the adoption of this bill, I would ask honourable senators to take into consideration several factors. First, while passage of this bill does not and could not make referenda a part of the formal amending process, it is worth noting that several democratic countries, including some federations, have referenda as part of their constitutional amendment process and have lived with those provisions quite successfully.

Second, and more to the point in the current context, at least three provinces—British Columbia, Alberta and Quebec—are now committed to holding referenda before any constitutional amendments emerging from the present Canada Round are ratified by their legislatures. Three other provinces—New Brunswick, Saskatchewan and Prince Edward Island—have statutes which permit the calling of referenda. Manitoba is obliged to hold extensive public hearings before proceeding with ratification of any constitutional amendment.

The possibility, indeed, the likelihood, of provincial referenda and extensive provincial consultations taking place before this Canada Round ends argues strongly in favour of giving the federal government the authority to hold a referendum in all or part of the country.

Third, the 1982 amending formula contains flaws that became all too obvious in the process of trying to ratify the Meech Lake Accord by 11 parliamentary assemblies—flaws that might still stymie the 1992 reform process. These flaws might possibly be alleviated to some extent by recourse to a referendum, even if it is only a consultative, non-binding referendum as provided for in this bill.

Honourable senators will know that, under the 1982 formula, first ministers may agree on one or several constitutional amendments to be presented to their legislatures; but, once the first legislature has ratified the amendment, the slightest change in text by the legislature of another province means that all the provinces that have already ratified must start over again with a new resolution or an amended resolution. To borrow a phrase from a well-known politician, "This is a recipe for chaos." The chances are very great that the country would find itself on a treadmill every time first ministers attempted substantial constitutional reform.

Senator Frith: It must have been tough for you to quote him.

Senator Murray: Not at all, in the proper context and circumstances.

Some people believe that the only solution to the problem is to provide for a referendum as part of the formal amending process. This change itself, as honourable senators know, would require unanimous agreement of the federal Parliament and the 10 provinces. Such agreement is highly unlikely given that there is no consensus on the key question of what would constitute success in a referendum—a simple majority of Canadians voting; a double majority consisting of majorities in Quebec and in the rest of Canada; majorities in seven provinces having 50 per cent of the population; majorities in each of four regions, or, as Senator Carney would have it, five regions.

The idea of four regional majorities in a referendum was put forward by the Beaudoin-Edwards Committee, and has been taken up by Mr. Chrétien and the federal Liberal Party even for purposes of the consultative referendum envisaged in this bill. It is, as honourable senators know, consistent with the 1971 Victoria amending formula which, like so many other constitutional reform proposals in this country, almost, but not quite, made it into law.

Senator Frith: You said that without choking up, too. Well done.

Senator Murray: The regional majority's formula, when proposed by the Beaudoin-Edwards committee, was immediately shot down by at least two provinces and is clearly a

non-starter at present. When it came time to sit down and draft the bill, this is just one of the issues that complicated what seemed like a simple decision to ask for authority to call a referendum.

I acknowledge that the government will have to revisit this issue: What would constitute a win in any referendum, should it be decided to hold a referendum? The decision to hold a referendum has not been made. Nor do we know whether we would hold a national referendum or a referendum in one or several provinces, nor do we know what question or questions would be put to the people in such a referendum.

Only when these matters are decided can we realistically address the question of what kind of majority or majorities would constitute success. Such a definition would be a matter of political judgment for the government and other political parties. It must be borne in mind that the results of any referendum held under this act would be nonbinding on governments; it would be a consultative process only.

We did have several advantages when it came to drafting the bill. First, we have the Canada Elections Act, a statute with which Canadians have become familiar, with which they have long experience, and in which they have considerable confidence as an instrument of democracy.

This bill provides that any referendum would take place within the basic framework of the Canada Elections Act. The Chief Electoral Officer would have the same responsibility for the conduct of a referendum as he has for the conduct of a general election. He would be responsible for making the regulations under the Referendum Act, to adapt the Canada Elections Act process to a referendum.

The second advantage was that we had before us the referendum bill that was introduced by the Trudeau government in 1978. Although that bill was never passed, an explanatory document was tabled at the same time by the then Minister of State for Federal-Provincial Relations, the honourable Marc Lalonde. Honourable senators will find many similarities between the 1978 bill and Bill C-81, which is now before us.

The bill provides that the wording of any referendum question would require the approval of Parliament. No referendum could be held unless Parliament agreed. As a further measure, the bill promotes an open and transparent referendum campaign by requiring the registration of anyone or any group intending to spend more than $5,000, and the disclosure of any contribution over $250 and the name of the contributor.

[*Translation*]

Honourable senators, you are well aware of the political debate on limiting spending in a referendum campaign.

Faced with the concerns expressed in many quarters, the government improved the bill so that the limits to which political parties are subject in a general election campaign would apply to referendum committees.

[Senator Murray.]

Some would have liked to go further and limit the number of committees that could take part in a referendum. The government is aware that this could simplify the process, but it is still impossible, for legal reasons considered from an administrative point of view, to include such a provision in the bill.

According to legal experts inside and outside the government, any restriction on the number of committees in a referendum campaign would contravene the provisions of the Charter of Rights and Freedoms concerning freedom of expression and association.

[*English*]

If ever there is a referendum, the government wishes to have as high a degree of confidence as is possible that the legislation governing such a referendum would withstand any court challenge. As a further measure to ensure fairness, the proponents of both sides of any referendum question will enjoy the right to an equal allocation of free broadcasting time by the Broadcast Arbitrator under the Canada Elections Act, using criteria set out in this legislation.

Any point of view on the referendum may be advanced via normal advertising. This is a matter to be decided between participants and broadcasters, subject to the governing CRTC regulations which require broadcasters to allocate all broadcast time during a referendum campaign on an equitable basis.

We also had the benefit of constructive suggestions from the opposition parties for improvements. This bill was improved during its passage through the House of Commons. I am informed that 20 of 36 amendments proposed by opposition parties were indeed accepted. The spending limits issue mentioned a few minutes ago has perhaps been the issue that was the subject of the most intense media interest, but there have been other changes as well.

[*Translation*]

Several changes that were made are worth mentioning. For instance, the bill was amended to ensure that leaders of the two recognized opposition parties in the House are provided with the proposed wording of the question and consulted on this wording at least three days before notice of the motion is given in the House.

Furthermore, the bill has been amended to limit contributions to referendum committees to sources of financing within the country. There was a concern about contributions from non-Canadians.

[*English*]

In another area, the government agreed to an amendment which clarifies the definition of a referendum expense. This change will ensure that the normal conduct of responsibilities of members of the Senate and the House of Commons will be specifically excluded from the definition of referendum expenses. This recognizes that parliamentarians must be able to continue in their normal role during any referendum.

It is important to mention that the bill now contains a provision that the text of the question be made available in aboriginal languages in appropriate locations.

As I have indicated, this legislation has been introduced to Parliament for one reason and one reason alone: To establish the means for the federal government to hold a referendum on constitutional reform should one ever be needed.

[*Translation*]

The legislation does not say the referendum will be held, nor does it specify what the question will be. There has been no decision yet in this respect.

The bill is therefore a precautionary measure designed to give the federal government the ability to hold a referendum on constitutional reform, if necessary and desirable.

[*English*]

We do not know under what circumstances it might be appropriate to hold a consultative referendum on the constitution; perhaps to obtain popular confirmation of an agreement between the federal government and some or all of the provinces, perhaps to help us break an intergovernmental deadlock on one or more issues, perhaps to obtain an expression of the popular will on a constitutional proposal put forward by the federal government.

The referendum, as I said, is not part of our formal amending process but, as I told the Senate several months ago in the course of Question Period, it might be used, if necessary, to help expedite that process.

In summary, this is a fair, practical and essential piece of legislation that I commend for your favourable consideration. It provides Canada with another means to consult the people on the complex business of constitutional reform and I urge all honourable senators to support it.

Hon. Senators: Hear, hear!.

Hon. Richard J. Stanbury: Honourable senators, I would first like to express my gratitude to colleagues for accommodating a rather difficult schedule this afternoon. I only hope my voice lasts and you are able to continue to listen to me for as long as you may have to this afternoon.

• (1430)

Honourable senators, I want to thank the Leader of the Government in the Senate for his introduction of this important bill. I wish to add some brief comments before this bill is referred to committee for more indepth study and possible amendment.

At the outset, I want to say that I support the principle of the bill. I support the idea of giving Canadians an opportunity to make their opinions known during the process of amending the Constitution.

Before dealing with the principle of the bill further, I would address my remarks to the development of this bill and its recent consideration in the other place.

Senators will remember—and the Honourable Leader of the Government in the Senate has reminded us of it—sitting in this place, listening intently to the Governor General read the Speech from the Throne approximately a year ago. I must admit to being pleased when I heard him mention that legislation enabling the use of national referenda for constitutional amendment would be introduced. My sense of gratification arose for two reasons: One, I had already been convinced about the merits of referenda and plebiscites; and, two, I had seen my leader, the Honourable Jean Chrétien, put forward the referendum as one of the central tenets of his constitutional position last April in Montreal. The wisdom of the approach had been accepted.

My satisfaction was soon replaced by disappointment as, month after month, the government sat on its commitment to bring forward legislation. During that time, while the Order Paper looked forward to the introduction of a referendum bill, members of the Liberal Party utilized any forum at our disposal to push for the introduction of the legislation.

After a year, many of us thought the government had changed its mind. Indeed, both Mr. Mulroney and Mr. Clark expressed reversals of their opinion: First announcing their support in May 1991; then backing away from that promise in the fall; renewing the promise in November; and backing away yet again before finally introducing the bill in May of 1992.

As we all know, the bill was finally introduced, but so late. From my perspective as a senator who cares about Parliament's right and obligation to consider and debate legislation, I was disappointed the government did not leave more time for the airing of such monumental legislation.

Any bill of this nature requires thorough consideration. It requires public airing. It seems ironic that, when the government sent Senator Beaudoin and others—who I must say did an excellent job—all around the country to gather opinions from the public on constitutional ideas, they omitted the consideration of the method for ultimate public consultation.

Honourable senators know that the provisions in this bill constitute a departure from our present style of government. That being the case, the bill warrants serious study and discussion. It should have been in the public domain for much more time than has been the case. Perhaps it would have been appropriate to have appointed a special joint committee to conduct an initial study. More time for indepth study by experts of all kinds should have been provided. Just ask the witnesses who appeared before the Commons' committee if they consider they had sufficient time to prepare their analyses.

I am disappointed not only because the government held back its proposal for referenda for so long, I am equally displeased that the government chose to cut off debate prematurely in the other place by using timing allocation. I just hope the rush has not left us with a technically flawed bill. At first glance, I must say it appears that it has.

This leads me back to our consideration of this bill in the Senate. As I said, I support the principle of the bill. There should be a place for national referenda in any proposed constitutional reform. It is an important tool for public participation in national decision making.

However, I do have some reservations about some of the specific provisions in this bill. For instance, under the legislation, the federal government would not be required to hold a referendum. This bill leaves the government with the discretion to call a referendum in the entire country, just particular provinces, or not at all.

It seems to me that we are in the process of considering major constitutional reform. This bill is designed to seek public input on major constitutional reform. If the government does not intend to use the referendum established by this bill in such a vital case, then why does the government bring it forward? Why bring it forward now in the middle of the reform process if not to employ it? What is the motivation? I certainly hope we are not wasting our time or that it will be seen as a bluff that some province will be tempted to call.

There are other aspects of this bill that deserve further consideration. I know that financing has been dealt with in the other place, but I still require some convincing about spending limits, contribution limits and the defining of expenses.

In the face of the entire constitutional debate and the referendum bill, the money issue may seem minor; however, I think you will agree that the spending of money goes to the heart of fairness, whether it be an election campaign or a referendum. Fairness must be the central concern in drafting, considering and passing referendum legislation.

Fairness must be absolutely assured from the very beginning of the referendum process. That means this legislation must be anticipatory—it must anticipate problems and include the means of dealing with them before they jeopardize the entire process. If we are to have a national referendum on constitutional proposals, it must be perceived as being absolutely fair in every sense; otherwise, even after the vote has been taken and a result is announced, there will not be a strong sense of legitimacy to carry that decision through to public acceptance of the constitutional package under consideration. The public must have faith in the system before they put any stock in the result.

We have a history of peaceful political action in Canada. This history is as a result of our ancestors' faith in the democratic system of government. Even when activists did not agree with decisions, they respected those decisions because they knew they had been reached by just means. This is part of living in a democratic society. It is a fundamental precept of our civilization.

This lesson should be heeded when we are building the referendum process. We are talking here about the prospect of submitting proposals to the people through a referendum. We would be using this device because we want to gain the consensus or the approval of the Canadian people of a new constitutional proposal; but, the integrity of the process must be assured. If, for one minute, Canadians in general or in one or more of the regions of the country perceive the referendum process as being unfair, or if they perceive it as having been bought off by big financial interests, then we will not have a result upon which we can rely. No matter who wins or who loses the referendum, the other side will claim the result is tainted because it has been maneuvered or manipulated by financial interests. If or when that scenario unfolds, not only will you have a result you cannot rely on, you will have failure and possible chaos of unknown proportions.

[Senator Stanbury.]

I do not mean to sound overly dramatic, but the perception of fairness and equality is central to the acceptance of the referendum question and to the result of a vote on it. In the final analysis, the rules of the game are just as important as the players and the sport.

Beyond the central issue of fairness, I am also interested in the relationship between the mechanics of this legislation and the Elections Canada mechanics. In committee, I will be interested in hearing more about this relationship as it will affect the appointment of deputy returning officers; poll clerks; enumerators; revising officers; scrutineers or their equivalent. All are important in ensuring the integrity of the referendum.

What about the enumeration process and the list that might also be used for a subsequent election? I am interested to know a little more about how this process has been set up and how it will play itself out.

● (1440)

Another question will be with respect to the Lortie recommendations and the delay in the electoral boundaries readjustment currently under consideration. Results of the referendum vote will be reported on the basis of existing constituents. Are there any implications for a referendum or for a subsequent election?

There are other considerations as well. If I am not mistaken, there is much in the management of the referendum that is not included in this bill. There will need to be quite extensive regulations. Have such regulations already been prepared and will we have an opportunity to look at them, or at least know their intent? I would hope that the Legal and Constitutional Affairs committee will be given the opportunity to look closely at the bill for any technical flaws that might have been overlooked in the other place because of their rush to deal with the bill and their concentration on larger, more substantive matters. This is a role that I am proud to say both the Senate as a whole and the Legal and Constitutional Affairs committee in particular has played successfully from the start.

I do hope we can improve this bill. There are many apparent flaws that will require justification or correction. I am sure that honourable senators will agree that one of our basic duties as senators, representatives and leaders is to bring Canadians

more closely into the political process. This bill has the potential of facilitating greatly our fulfilment of that responsibility.

The introduction of the referendum gives a unique opportunity to engage Canadians directly in the affairs of the country. We have to approach the inclusion of referenda as an opportunity to educate when the national issues we face are of particular importance. As in our current constitutional debate, the public is more often willing to learn, to discuss, to make judgments, to take part in the consideration and take responsibilities for the outcome.

The inclusion of referenda, in other words, encourages good citizenship. I have always been an advocate of greater citizen participation in national affairs. Our population is certainly now sophisticated enough to make reasoned and responsible judgments. The referendum is specifically suited to consideration of constitutional change. Canadians no longer want to leave such a momentous decision to the politicians alone. Yes, they agree it is unrealistic to make all decisions directly, and indeed they look for leadership from politicians in many ways, but the public thinks the Constitution is so important and fundamental to them as Canadians that they should have the opportunity and the right to control the outcome in a more direct way.

As politicians we have to understand that there is now a closer relationship between Canadians and the Constitution. This is largely as a result of the Charter of Rights and Freedoms which makes the Constitution of more personal concern to all Canadians. Canadians see their stake in the Constitution and understand its fundamental importance as never before. After all, their leaders have given them no rest from the subject for many years. The public wants a direct influence, and I have faith that Canadian citizens will rise to the challenge, take responsibility and vote in favour of what is right for themselves and for their country.

Thank you, honourable senators, for your attention. I will support the motion, which I anticipate Senator Murray will be making, that this bill be referred to the Standing Senate Committee on Legal and Constitutional Affairs for further study at this time.

Hon. Royce Frith (Leader of the Opposition): Honourable senators, I thank Senator Stanbury and the Leader of the Government for their explanation of Bill C-81. Rather than repeat, even in a general way, what they have covered, I would like to turn my attention to one particular aspect of this legislation; namely, spending limits.

Before I do that I would like to parenthetically make a short comment on what I consider a rather silly expression; namely, the "Canada Round". I realize it is meant to imply something; I don't know what—something patriotic, I suppose. It seems to me that any time a country is examining its constitution, that examination must always involve the country as a whole. Any time Canada is engaged in the amendment of its Constitution has to be, it seems to me, a Canada Round. All parts of Canada are involved when the Constitution is amended. That all that I have to say parenthetically.

The reason I want to concentrate on spending limits is simply this: My fear is that the spending regime proposed in Bill C-81 is a cancer which can metastasize and spread to the whole electoral system and eventually kill any meaningful limit on election expenses. Before pursuing that particular line of thought, or as a way of pursuing it, it might be useful to stand back for a moment and examine how the notion of spending limits came to be. We tend to take them for granted but they are, after all, a relatively recent development which was not even given serious consideration, let alone legislative expression, until the 1960s.

Until 1974, there were absolutely no limits on the amount of money a candidate or party could spend in the course of an election campaign. The only limitation was the ability to raise funds. It is true that several private member's bills were introduced in the 1930s and again in the 1940s to limit candidates' expenditures, but it was not until the early 1960s that election expenses became of general concern.

It was the four general elections held between 1957 and 1963, each successively more expensive, which provided the impetus to seriously examine the question for the first time. In 1964, the government appointed the Committee on Election Expenses, chaired by Alphonse Barbeau. The committee recommended: One, media advertising by parties and candidates be limited to four weeks prior to the election. Two, candidates' advertising budgets be held to 10 cents per voter. Three, an outright prohibition on third party paid advertising. Each of the three are characterized by the word "advertising".

In October 1970, a special committee of the House of Commons was struck to examine elections and expenses. Its recommendations went beyond the Barbeau Report, calling for limits not only on advertising expenses but on the total election expenses of candidates and their parties.

In May 1972, legislation to control election expenses was introduced but it died on the Order Paper. The government tried again in 1974 with Bill C-203, the Election Expenses Act, and this time it was successful. That is the legislative beginning of the whole concept of the control on election expenses. The essence of Bill C-203 was laid out on behalf of the government during the second reading by the then President of the Privy Council and now senator, the Honourable Allan J. MacEachen. This is what he said:

> This Bill really exemplifies an integrated approach to electoral reform in four major areas .... the first is the limit on the expenditures by candidates and parties. Second is the limitation on the duration of the campaign. Third is full and complete disclosure of revenues and expenditures of political parties and candidates; and finally, there is government assistance in meeting the cost of election campaigns.

That is a scheme with a great deal of internal integrity and logic, it seems to me. There was an overall scheme to limit expenditures and to involve the state in assisting candidates to meet the expenses of an election campaign. Obviously the two

go together. If we are to assist them, there has to be some limit on the amount.

● (1450)

As a part of the scheme, tax deductions were permitted. The objective was to have more people give a little rather than a few people giving a lot. Otherwise, there is the risk of at least an appearance of undue influence being exercised after an election because of the size of the donation made.

It was on July 10, 1973 that Senator MacEachen made that statement. On that same day, another one of our colleagues replied on behalf of the Official Opposition to the minister's statement. Then Member of Parliament Michael Forrestall commended Senator MacEachen "for his open-minded approach", and in supporting the bill said:

> We must remove from the minds of the Canadian public any remnant of doubt about the way in which Members of Parliament conduct themselves in public life and public business.

However, third-party advocacy remained problematic. Special interest groups could promote or oppose a particular candidate if they could establish that they were doing so in order to promote a particular issue. As Senator MacEachen said at the time

> This is a rather delicate aspect of the protection of the rights of individual groups to exercise their ability to influence public opinion.

Unfortunately, this compromise quickly proved unworkable. At page 311, Volume 1 of the Royal Commission on Electoral Reform and Party Financing we are told:

> It soon became apparent that enforcing this good faith defence was problematic. Not only was there uncertainty about what kinds of activities were entitled to the defence, but court decisions extending it to explicitly partisan messages that included no articulated policy position. For example, an advertising banner flown from an airplane during a by-election with the message "O.H.C. Employees 767 C.U.P.E. vote but not Liberal" was interpreted by the court as a legitimate attempt to oppose the government's anti-inflation program, even though it did not specify any policy position. (*R. v. Roach* 1978). Within five years, the chief electoral officer had good reason to warn Parliament that the law on independent spending was inadequate and had the potential to undermine the effectiveness of the spending limits for candidates and parties.

In 1983 the Canada Elections Act was amended. No longer could third parties directly oppose or support a political party or candidate. They could, however, promote a particular issue so long as they did not mention a candidate or party.

Less that one year later, the amendment was successfully challenged in the Alberta Court of Queen's Bench, which ruled that the government had not justified this limitation on freedom of expression. The government chose not to appeal the decision and Elections Canada decided not to enforce the prohibition.

[Senator Frith.]

In an interesting twist, the Lortie Commission concluded that in 1988, most of the third party intervention on free trade was solely issue oriented, and thus "would have been within bounds of the legislation as amended in 1983." That is at page 337 of the Lortie Commission report.

Therefore, honourable senators, this is where we now stand. We have an act, the Canada Elections Act, which places limits on third-party advertising during election campaigns. However, Elections Canada is not enforcing that limitation because of the 1984 decision of a lower Alberta court, and the Government of Canada has not appealed that court ruling. Why? Apparently it is satisfied with the outcome.

I say that because what other conclusion can we reach? It is because of the Alberta court decision that Elections Canada is not enforcing the act. The act is there, provisions are there, but they are not being enforced. Elections Canada states that the reason is that Alberta court decision. Elections Canada is treating that decision as a final judicial ruling.

What if the government had appealed and lost? The practical result would have been the same: There would have been no restriction on third-party advertising. If the government had won on appeal, Elections Canada would have once again enforced that section of the act.

There having been no appeal the law of the land is there, but it is not being enforced. If the government had been interested in limiting the role of third parties, what was there to lose in appealing the decision? The worst that could happen would be the situation that we now have with Elections Canada not enforcing that provision.

When appearing before the legislative committee on Bill C-81, the bill before us, the Government House Leader in the other place, the Honourable Harvie Andre stated, "I am told we didn't appeal because we didn't think we would win." In refusing to appeal, however, Mr. Andre has substituted the certainty of Elections Canada not enforcing the provision with the possibility or probability of having it found unconstitutional. He "did not think" they would win. Elections Canada is not saying, "We don't think we can enforce this provision." They are simply not enforcing it.

Turning to Bill C-81, the government is once again showing, in my opinion, that it is not interested in measures that would create a more level playing field in the political process; that is, in the sense that it is money which will talk, or perhaps even more importantly, will be perceived as talking.

Subclause 3(3) of Bill C-81, the bill before us, provides that any referendum question shall be expressed as a "yes" or "no" proposition. Instead of providing for overall spending limits for each side of the question, the bill, in clause 13, provides for the formation of any number of referendum committees, each of which, by virtue of clause 15, is limited to 56.4 cents in expenses per name appearing on the list of electors in the

electoral districts in which that elector has registered. There is no limit on the number of committees that may be formed on either side of the question in any district. There is no limit on the number of districts for which a committee may register. As far as I can tell, there is nothing to prevent a committee from registering in every electoral district in Canada, thus obtaining the maximum expense ceiling, and then spending all its contributions in one or a few districts.

Subclause 13(2)(b) provides that a referendum committee must, in its application for registration:

> . . . indicate the electoral districts in which the committee intends—

—and I underline the word "intends"—

> . . .to support or oppose the referendum question.

● (1500

Subsection 16(2) provides only that contributions to the committee

> may be used to pay referendum expenses incurred by the committee during the referendum period.

There is no restriction on where those contributions are spent—I was going to say, "so long as they are spent in Canada", but that may not even be the case.

Subsection 16(2) provides that contributions to a referendum committee may be used to pay referendum expenses. There is a long definition of the term "referendum expenses" on pages 2 and 3 of the bill. I will not read it you to, since you have it before you and it is quite lengthy, but in that definition there is nothing that restricts them to expenses incurred in Canada, let alone in a particular electoral district.

I see nothing in the legislation that would prevent a committee from incurring expenses by purchasing advertising time on cross-boarder television stations or by taking out advertisements in foreign periodicals.

In committee, Mr. André argued that it was impossible to provide spending limits under two umbrella groups even though that was exactly what was done in Quebec in 1980. I am quoting Mr. André from the committee records at page 1:27.

> We've repeatedly indicated that it would be contrary to the Charter of Rights and Freedoms to oblige all persons who wish to participate in the referendum campaign to participate only through yes and no committees. This is the best legal advice we've been given. We accept that legal advice. It would be extremely disruptive if a successful challenge under the Charter were brought during a referendum campaign.

Now, is that a reason, or is it an excuse? I leave you with that question.

The Hon. the Speaker *pro tempore:* Honourable senators, pursuant to the Order of the Senate made earlier this day, I must interrupt the proceedings to call Presentation of Reports from Standing or Special Committees.

Debate suspended.

ROUTINE PROCEEDINGS

CONFLICT OF INTERESTS

REPORT OF JOINT COMMITTEE PRESENTED—DEBATE ADJOURNED

Hon. Richard J. Stanbury: Honourable senators, I have the honour to table in both official languages the report of the Special Joint Committee on Conflict of Interests respecting its examination of the subject matter of Bill C-43, an Act to provide for greater certainty in the reconciliation of the personal interests and duties of office of Members of the Senate and of the House of Commons, to establish a Conflict of Interests Commission and to make consequential amendments to other Acts.

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

Senator Stanbury: Honourable senators, I would request leave to address a few words to the honourable senators now.

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

Hon. Senators: Agreed.

Senator Stanbury: Thank you, honourable senators. You will recall that late last fall you created a special joint committee. The mandate you gave the committee was to undertake a comprehensive review of the subject matter of bill C-43.

The senators whom you named to that committee were Senators Balfour, De Bané, Grimard, Kelleher, Olson, Oliver, and myself. That committee has worked solidly for six months, hearing the most competent witnesses and examining conflict regimes in the provinces, and in the United Kingdom and the United States.

Bill C-43 was prepared by the government for discussion purposes. We immediately found it too complex, too rigid and likely to create a large new bureaucracy; but it did bring together the fruit of a number of earlier efforts, such as Allan J. MacEachen's paper of 1973, the Sharp-Starr Task Force report, Justice Parker's study of the *Stevens* case, and earlier draft bills. So it was extremely helpful to our work.

In the result, we opted in favour of a regime which I think reflects the political culture of Canada. It is a synthesis of the regimes now in place in Quebec, Ontario, Nova Scotia, New Brunswick, Alberta and British Columbia. While we have followed their pattern, I believe that we have improved on it significantly.

All of these provinces have an officer of the legislature, called by various names, who advises and gives comfort to the members concerning the arrangement of their financial affairs to avoid situations of conflict.

We have chosen the name "Jurisconsult" for the person who will be appointed by both Houses of Parliament to oversee the

regime. The name Jurisconsult, while somewhat strange to me, is an ancient name which calls up the exact mixture of advice and discipline which will be that officer's function.

All members of both Houses—including ministers and parliamentary secretaries—will make full private disclosure of the pecuniary interests of their immediate family, to the extent of their actual knowledge and belief.

They will then individually meet with the Jurisconsult to consider any potential conflicts and have the advantage of the Jurisconsult's advice as to how they might arrange their affairs so as to ensure that their private activities do not conflict with their public duties in such a way as to benefit, or appear to benefit, them or their families.

Of course, the Jurisconsult must be a person of impeccable reputation who has and can maintain the confidence of Parliament. The provinces which have this office have been extremely wise and have chosen such excellent individuals for this post that we were unable to unearth a single complaint against any one of them. Journalists interviewed were also unanimous in their admiration.

After the member has made the disclosure statement, discussed its contents with the Jurisconsult and reacted positively to the Jurisconsult's advice, he or she will be given a certificate of the Jurisconsult to the effect that the disclosure obligations under the act have been fulfilled.

That certificate is binding on the Jurisconsult and is something upon which the member can rely as he goes about both his private and parliamentary business.

The report makes it clear that there should be no restriction on members of either house in carrying on normal business or a profession so long as the activity is handled in such a way as to ensure that no conflict between private interests and public duty will be resolved other than in favour of the public duty.

Honourable senators will be aware of the difficulty that members of both houses have experienced in getting clear-cut, reliable opinions on the business activities presently allowed under the Parliament of Canada Act. We decided to recommend withdrawal of the existing sections of the act which deal with conflicts and add instead a new part of the Parliament of Canada Act dealing more clearly with this area of concern. We were also conscious of the confusion which has existed in the Criminal Code sections dealing with crimes by public officials. We have therefore proposed several amendments to the Criminal Code.

The next step in the relationship between the member and the Jurisconsult is that they collaborate on preparing a public disclosure statement to be released by the Jurisconsult. This statement will not include any figures but simply a description of the class of asset or liability. Excluded will be exempt private assets, such as house, car, and other personal assets and matters so small or of such a nature as to give rise to no conflict. That statement will be made available for public scrutiny by the Jurisconsult.

[Senator Stanbury.]

● (1510)

The report also recommends that there should be some "obligations" which give guidance as to how a member should conduct himself or herself. Naturally, these are somewhat more stringent for ministers and parliamentary secretaries. Again, the member always has access to the Jurisconsult for advice as to whether a particular action will offend those obligations. The Jurisconsult's written opinion will give guidance, and it will be binding on the Jurisconsult.

The final aspect of the Jurisconsult's function is to deal with complaints. If a complaint is made that a member is in breach of some obligation under the Parliament of Canada Act, the Jurisconsult will review his file and decide whether the complaint has merit. Of course, if the complaint is criminal in nature, he will immediately suspend his consideration and leave the matter for the courts to decide.

If he decides that the complaint has merit, then he has the power to set up an inquiry under the Inquiries Act; make a determination, which he must do within 90 days; recommend a sanction if the complaint is justified; and submit his findings to the relevant House of Parliament which must dispose of it within 15 sitting days.

Parliament, and ultimately the people of Canada, are the final judges. Parliament appoints the Jurisconsult. The Parliament of Canada Act is the legislative authority. Parliament implements any sanctions. A committee of Parliament will retain the power to review the operation of the regime at any time.

When we began the committee hearings, I said that I wanted a non-partisan, unanimous report at the conclusion of our deliberations. That, however, was a faint hope. With 14 Members of the House of Commons from three parties and seven members of the Senate from two parties, and with early meetings sounding like issuances from the Tower of Babel, my wishes seemed like foolish optimism. But, honourable senators, that is what we have: A unanimous report supported by members of all parties.

I commend the report to you for your consideration.

Hon. Senators: Hear, hear!

On motion of Senator Lynch-Staunton, debate adjourned.

REFERENDUM BILL

SECOND READING—DEBATE CONCLUDED

Leave having been given to resume Orders of the Day:

Resuming the debate from earlier this day on the motion of the Honourable Senator Murray for the second

reading of Bill C-81, to provide for referendums on the Constitution of Canada.

Hon. Royce Frith (Leader of the Opposition): Honourable senators, at the end of reel one, or as the curtain descended on Act I, we heard a quote from Mr. Andre, who said:

> . . . it would be contrary to the Charter of Rights and Freedoms to oblige all persons who wish to participate in the referendum campaign to participate only through yes and no committees. This is the best legal advice we've been given. We accept that legal advice. It would be extremely disruptive if a successful challenge under the Charter were brought during a referendum campaign.

Honourable senators may remember that my question related to whether the government really wants to have spending limits continued as part of the election law of Canada. I then posed the question: Has Mr. Andre given us a reason or an excuse?

When he was asked by Mr. Gauthier to share with committee members those legal opinions, he, I suppose predictably, declined. When asked by Mr. Ouellet whether the government had considered seeking the advice of the Supreme Court of Canada, he replied, at page 1:56, as follows:

> Every single piece of legislation that comes along has to be looked at to see that it is legal, lawful, within the Constitution and other laws. We don't go running off to the courts every time, saying please tell us whether this is legal.

That is fair enough, but we certainly do not expect Mr. Andre to run down Wellington Street and up the stairs of the Supreme Court every time he receives an unwelcome legal opinion from the Department of Justice.

However, honourable senators, the stakes in this instance are somewhat higher than they would be for "every single piece of legislation", as Mr. Andre described it. Here, we have a process that could determine either the rebirth or the death of our country, one which goes to the very root of our whole democratic system. The right to vote is a shallow right if there are not clearly outlined principles reflected in the process of taking any vote. In this instance, it seems to me that the exercise of consulting the Supreme Court would have been most worthwhile.

The failure of the government to include substantive spending limits in Bill C-81 has two important consequences. The first is that, if the expenses of the winning side are significantly greater than those of the loser, the legitimacy of the process may be called into question. As a matter of fact, when this bill was before the legislative committee in the other place one of the witnesses was Peter Aucoin of the Department of Political Science, Dalhousie University. He was also the Director of Research for the Lortie Commission. He is what, in court, we would call "a qualified expert witness".

In the course of his testimony, as reported at page 2:33 of the Monday, May 25, 1992 edition of the *Minutes of Proceedings and Evidence of Legislative Committee on Bill C-81* he said:

> It seems to me that a case can be made that the issue of fairness is of such central importance in the democratic process that a regime that included a yes committee and a no committee could be acceptable to the courts under certain circumstances.

That is important if we feel tempted to say that an important aspect of our whole regime, namely, spending limits, is or might be unconstitutional because of a decision of one provincial court.

Here, an expert in the field, at least raises the point. I think many would agree that these limits are reasonable in a democratic society, and might easily be constitutional under the provisions of section 1.

In the view of Professor Aucoin, the issue was of such central importance because, as he stated at page 2:35:

> . . . if this committee and Parliament cannot resolve the issue of how to ensure a fair process, a process that is also seen to be fair and legitimate up front, then, as I mentioned in conclusion, the utility of the referenda as a mechanism of public consultation is seriously in question. One could imagine, for example, not only people disputing the outcome of a referendum but a mass boycott by one side of that referendum. Clearly, this would not leave this country, in the midst of the constitutional turmoil that it's now in, in a very satisfactory position.

The first consequence of the government's failure to settle whether or not this extremely important principle of spending limits is or is not constitutional. We have the possibility of a result which would not be unacceptable to many Canadians because of the process. That would be an ironic, a frustrating, a depressing possible result, when the whole purpose of the referendum, its raison d'être, is to determine public opinion. And if, because of the process, the result is immediately in question, the whole exercise could be a waste.

The second consequence of the government's approach is that there is an unmistakable drift away from strict spending limits during election campaigns.

Towards the end of his testimony, Professor Aucoin said:

> If spending limits were not included in the plebiscite bill, or were clearly ineffective, then it's possible . . . that there may be a spillover to a new Canada Elections Act in that regard.
>
> . . . if spending limits went not because they were successfully challenged in the courts but because the Parliament of Canada rejected them for so-called third parties or independent expenditures, then it seems to me the legitimacy, the integrity of spending limits for parties quickly disappears.

To appreciate that this is a very serious and real concern, again we need only to turn to the words of Harvie Andre before the legislative committee. On May 22, he said:

> Unless the Canada Elections Act is changed, we are now in a circumstance, because of court decisions, where third parties are not limited in election campaigns. We may well find that after the next election spending limits are not going to be possible in terms of general elections, even though those are quite different.
>
> . . . It may well be, depending on how third parties participate in the next election campaign, barring that we haven't made changes in the meantime, that we may find them not too workable there.

As best I can make out, Mr. Andre himself foresees serious difficulties in controlling the activities of third parties during election campaigns.

For those who are concerned, because of advertising campaigns by third party action groups, that there is something undemocratic about a regime that limits election expenses of candidates and of third parties, I say it is not undemocratic. If we in Canada are to have a regime of spending limits, we cannot say to a candidate and to a political party, "Only your expenses are limited, because we consider that a desirable goal; but third parties can spend what they wish." How can that possibly be perceived as fair or even logical?

It could easily be that spending limits for political parties and candidates as contained in the Canada Elections Act will become absolutely meaningless. If I am a candidate in an election, I am limited. My opponent is limited. But if somebody can come along as a third party and spend hundreds of thousands of dollars on behalf of that other candidate, no matter how it is cloaked, the whole system is a joke.

The purpose of spending limits is the promotion of fairness in the electoral process. There is no fairness where the views of the wealthy overwhelm the opinions of those with fewer financial resources. Expenditure limits that exempt third parties, the very ones with those resources, are no limits at all as far as fairness is concerned.

On that subject, the members of the Royal Commission on Electoral Reform and Party Financing also expressed a similar conclusion at page 327:

> If individuals or groups were permitted to run parallel campaigns augmenting the spending of certain candidates or parties, those candidates or parties would have an unfair advantage over others not similarly supported. At the same time, candidates or parties who were the targets of spending by individuals or groups opposed to their election would be put at a disadvantage compared with those who were not targeted.

I interrupt the quote to say we know about the experiences of some candidates in the United States who were "targeted".

> Should such activity become widespread, the purpose of the legislation would be destroyed, the reasonably equal opportunity the legislation seeks to establish would vanish, and the overall goal of restricting the role of money in unfairly influencing election outcomes would be defeated.

[Senator Frith.]

According to the commissioners in the report, the Alberta court decision has created a "gaping hole in our existing framework" which "is patently unfair".

I think "gaping hole" is an understatement. That decision has, for all practical purposes, destroyed the system.

In the United States, where there are no restrictions on third party election expenses, PACs, political action committees, spent over $20 million U.S, in the 1987-88 presidential and congressional elections.

We all remember the infamous Willie Horton ads during the 1988 presidential race, and what damage they did to the campaign of one of the candidates. They were an example of PAC advertising and found a prominent place in the Lortie report, as stated at page 334:

> Michael Dukakis' campaign was hurt by explosive ads highlighting a felon named Willie Horton, who, while on a prison furlough program in Massachusetts, had escaped and brutally raped a Maryland woman. These commercials, designed to question Dukakis' record on crime, were produced and aired not by the Bush campaign, but by two independent expenditure groups [PACs], and were widely shown on television news programs.
>
> . . . most voters did not know that the PAC 'Americans for Bush' had no connection with George Bush's campaign for the presidency in 1988.

This past weekend, I was at a social function with someone who had been quite closely connected with the 1988 Bush campaign. In the course of the conversation, we were talking about Mr. Schwartz's famous book on responsive chords and the ad that was run in the Johnson campaign against Goldwater. Some of you may remember this famous ad.

The allegations had been made that Mr. Goldwater might very well be too quick on the button to start a war. The ad showed a little girl in a field of daisies. She was picking one in the he-loves-me-he-loves-me-not style. Behind her suddenly rose a big mushroom cloud from the explosion of an atomic bomb.

The caption, as I recall it, was to the effect, "Don't let this happen in America—vote Democrat".

You may remember, if you were around then, a metaphorical nuclear explosion from the Republicans about the unfairness of this ad. Of course, the Democrats said: "We did not mention your name; we did not even mention the word 'Republican'. We did not mention the name 'Goldwater'." The point being made in that book was that the responsive chord had been established and there was no necessity to spell it out.

The person I was with, who had been involved in the Bush campaign, said that that was the first attack ad. I said, "Yes,

leading to the Willie Horton attack ad in the Bush campaign by President Bush." He said, "No, we knew about his record in Massachusetts. We did refer to it, but it was a PAC, a third party that had plenty of money and entered the fray. It was the PAC, not the political party involved in the election campaign, that spent the money on the Willie Horton campaign." It spent a lot of money, so much so that, as I recall it, Mr. Atwater said that by the time they were through people were believing that Willie Horton was on the Democratic ticket. That was an example of PAC advertising and it was referred to in the Lortie report at page 334, as I have said.

In Canada, third party advertising played a major role in the 1988 election also. The Lortie Commission, appointed by this government, found that for every dollar of the entire advertising budget of the Progressive Conservative Party, groups and individuals promoting free trade spent 77 cents in advertising. Those opposing free trade spent only 13 cents for each dollar of the total advertising budgets of the two opposition parties. That is at page 338 of the Lortie Commission report. That this advertising had an impact on the election has now to be acknowledged. The Lortie Commission recommends that third parties, be they individuals or groups, be limited to $1,000 in election expenses for both direct and indirect messages and that there be no pooling of funds.

That is not an old, out-of-date, obsolete report. That is a royal commission report on a study that was probably the most comprehensive ever carried out on the process of electoral democracy. So, although we have this recommendation, we also have the words of the government, in the person of Mr. Andre, which sees in the future no limitations on the activities of third parties during election campaigns.

Lortie, after years of study, makes the recommendation that third parties be limited to $1,000 in election expenses, but we are told by Mr. Andre, as a prediction—and I understand why he is making the prediction—that we may end up in an election campaign with no such limits.

We are not in an election campaign, but we are debating a bill that we ought to identify as providing for what can be a malignant cluster of cells that can grow in such a way as to destroy our whole present electoral regime in one very important element.

I have been a bit long on this, I know, but that is because I am provoked whenever I hear third party advertising being referred to casually as if it were just another aspect of our electoral system which can be adjusted. I am provoked when I hear that any limitations on third party activity is anti-democratic. I cannot understand how such statements can be allowed to pass so easily. In fact it is breathtaking. We do not have to have a regime of limited spending. We can have a regime with no limits on spending. Many democracies have them. But if we are going to have one with limited spending, to say that to limit third party spending is anti-democratic is so illogical as to be breathtaking, because you cannot have one with the other. You cannot have the regime and have unlimited third party spending.

What we see in Bill C-81 then is an implicit rejection of the Lortie Commission, which clearly sounded the alarm, and of the proposition that fairness is a vital element in the electoral process.

Although, as Senator Stanbury clearly indicated, we are going to vote in favour of this legislation, I have given another reason why we cannot support it enthusiastically. Essentially, all I have tried to do here today is to join with the many people who are sounding the alarm on the possible long-term effects of the provisions of the bill before us on the question of election spending. The reason for our lack of enthusiasm has, I believe, been best expressed by Robert Dahl, a leading political scientist of this century. I am sure his words have been quoted often enough that most of you have either heard them or heard the principle involved.

The quotation can be found in the Lortie Report at page 325:

> If income, wealth, and economic position are . . . political resources,

—and they are—

> and if they are distributed unequally, then how can citizens be political equals? And if citizens cannot be political equals, how is democracy to exist?

In other words, where does that leave democracy?

Some Hon. Senators: Hear, hear!

Hon. H.A. Olson: Honourable senators, I want to make a few comments on Bill C-81. I am aware that the house leaders had discussions earlier today. I will respect the commitment made by our house leader with respect to the process of this bill, but I have to intervene at this stage because I think we are being dragged into a process that involves a great deal of danger. Senator Frith has pointed out some of the dangers with regard to what will happen to the electoral process in respect of campaigning and limitations on funding by various people in the electoral process.

I also believe, honourable senators, that we should recognize what we have involved ourselves in in this process. It started as one thing several months ago, but it has degenerated, at least in my view, into the so-called constitutional crisis that some people allege we have now. Quite frankly, I do not believe there are any great problems in this country that can be solved with changes to the Constitution. In my opinion, those problems fade into insignificance vis-a-vis the economic problems which have come from the mismanagement of the government of Canada. It is that simple.

• (1540)

Senator Murray: I am wondering what happened to the rule of relevance.

Senator Frith: I have never been able to find any authority for that.

Senator Olson: The rule of relevance is that we are setting in place a referendum mechanism that will lead to the federal government and the major provinces in this country riding

roughshod over the western provinces. That is pretty relevant to the debate respecting Bill C-81.

The constitutional talks taking place in the the building where the Department of External Affairs is located are about to collapse. Several of the leading lights there will say, "We must come to an agreement on a package by 6 o'clock tonight, or we are just wasting our time." That is I heard the Minister of Health and Welfare say earlier today. That is also what Jim Horsman, the Deputy Premier of Alberta, said earlier today. He said that if we did not reach an agreement by 6 o'clock, we might as well call a spade a spade and move on to a process which would be more useful to the Canadian people. That, honourable senators, is why it is relevant to talk about this bill today.

I do not think Canadians in western Canada deserve that kind of short shrift by this government and this Parliament. If those meetings collapse, all of the hopes and aspirations for readjusting and redistributing the power base in Canada that the western provinces have been asking for through a Triple-E Senate will collapse.

What will then happen is the federal government will put a package together. I do not know what will be in it, but I do know that the Triple-E Senate will not! That is certain. If you can believe anything the Minister of Constitutional Affairs, the Honourable Joe Clark, has said now or in the past few weeks, the Triple-E Senate will not be in that package. The government will then put that package to a referendum under the provisions of Bill C-81. They will force it through Parliament. That is what is unfolding.

Senator Murray: How? Force what through?

Senator Olson: Let us not kid ourselves. You will be using the 7-50 formula to put it through. Do you not think so? Well, I think that is what will happen, and I know a lot of people in western Canada who believe that is what is unfolding. So let us not kid ourselves about the importance of Bill C-81.

Senator Frith has just explained what will happen if there is no limit on expenditures in a referendum. We know very well that people can buy large amounts of advertising. Most politicians are honest enough to accept the fact that that has a legitimate consequence on the results. Is that what we want to happen in this country?

The Conservative government in Alberta—and heaven knows I am no apologist for them because they have mishandled many issues, just as the federal Conservatives have mismanaged almost everything they have had their hands on—have talked the people of Alberta in particular, and Western Canada in general, into believing that there is an improper distribution of real power and authority in the federal Parliament today. Consequently, they must accept always the decisions made in the two major provinces, Ontario and Quebec.

I have been around this place a long time. I was elected 35 years ago today.

Some Hon. Senators: Hear, hear!

[Senator Olson.]

Senator Murray: I was going to congratulate you. I will do that later.

Senator Olson: I have been around long enough to know from watching this government—which has been the worst possible government—that when Ontario and Quebec make demands on the Parliament of Canada, the other provinces can wait and whistle. I hope that is not what is unfolding in front of us. Unfortunately, I firmly believe that is what is happening in this country today.

Senator Murray: You are talking about the National Energy Program now, are you?

Senator Olson: If we ever get to Question Period today, we will have a discussion about that.

We are coming to the end of these constitutional talks. I want to state one thing up front—I have no respect for the government's attempt to suggest that Canadians are unpatriotic because they do not support what the government is trying to push on the rest of Canada. The Leader of the Government in the Senate has tried it several times. He suggests that you are a non-Canadian or—I do not know what the right word is—

Senator Frith: An alien.

Senator Olson: —an alien or some fool if you do not understand that what the government of Alberta started will cause this country to collapse. Park that kind of garbage! It never has worked, and it will not work now.

I am glad Senator Beaudoin is here today. Many things have been said about the Dobbie-Beaudoin committee that travelled across the country to hold hearings. When I look at the report of that committee—say what you like about how good it was—you would not think the committee had been in western Canada at all. There is absolutely nothing in that report that deals with Western hopes and aspirations.

Senator Beaudoin: Did you read the report?

Senator Olson: Oh, yes, I read it. I attended some of the meetings as well.

I am not an expert on the constitution, and if that report is the result of so-called "expertise", I am glad I am not an expert on constitutional matters. Western Canadians, Albertans in particular, were trying to deliver a message to your committee, but they were completely ignored in the report.

Everyone knows my view on a Triple-E Senate. Alberta has put forward a Triple-E Senate as a way to correct the wrongs I have mentioned. I do not believe a Triple-E Senate is a way to correct those wrongs and, in fact, I have stated that I do not believe there will ever be a Triple-E Senate. I have asked why you would want to stand around spinning your wheels and making noise knowing you will get nowhere. Senator Beaudoin was in the room when I made that speech. The government should be talking about what people consider to be real issues.

Did you not hear western Canadians saying that they were disturbed because, for the last 125 years, they have had to knuckle under to central Canada? If you did not hear it, you were not listening. If you did hear it and completely ignored it in your report, then the report is not a Canadian report; it is a report for some parts of Canada.

● (1550)

The day you made the speech in this chamber, I heard what it is that certain provinces want out of this round. However, I never once heard an indication that you were even listening to what the people in western Canada were trying to tell you. We only have 26 seats in Alberta against whatever it is, 100 or so for Ontario and about 75 or 80 for Quebec. We get the short end of the stick every time as far as the Parliament of Canada is concerned. You can go back and look over the decisions made on whatever subject you want to talk about—

Senator Bolduc: Agriculture.

Senator Olson: We can talk about agriculture.

Senator Bolduc: Let's talk about agriculture.

Senator Olson: I was the Minister of Agriculture for a few years and during those years the greatest amount of federal money expended by far through the Department of Agriculture was for the federal dairy program. Do you know where that money went? If you do not you should investigate, because that expenditure went on year after year. I did not object because I realized that there were Canadians who needed that program.

I can tell you that there were other things that happened. I am not here to do a lot of griping. I am making this speech because I can see where we are heading. We are heading into a constitutional change where Western Canada will again be trodden over with hobnailed boots by the two central provinces.

They are very careful about what it is out of this new round that Quebec wants, as if everything has to be done for that kind of accommodation. I am not saying that nothing should be done, but I want to make one thing clear, and that is that I am not willing to go back into the straitjacket of someone having a veto over the amending formula. I have heard several people say, "If you do not give Quebec a veto over the amending formula, there will be no deal." Is that right? I have heard that said a few times.

I have also heard that Alberta has said that if we do not readjust the real power in the federal Parliament, they will not acquiesce to a change in the amending formula. I understand that. It is about time some people in the rest of the country started to understand that position. We now have Newfoundland and Alberta leading the crusade for a redistribution of real power in the federal Parliament.

Central Canada is about to be clobbered because they are not willing to give the other, smaller provinces some additional power in even one institution. As has been pointed out very eloquently by the spokesmen from those provinces, the two provinces in central Canada already have an overwhelming majority in the House of Commons in total number of seats; they already have six judges out of the nine on the Supreme Court. At least there could be one institution at the federal level wherein some of the outlying provinces could have a reasonable redistribution of real power in Canada. However, that is not happening.

I want to conclude my remarks on the Triple-E proposal. I have indicated that I do not think it will work. However, there should be at least an acknowledgement that there is a serious problem with the redistribution of power in this country at the federal level. The Beaudoin-Dobbie Report did not mention that this matter was raised before that committee.

Senator Beaudoin: Oh, oh.

Senator Olson: What suggestion did you have? There is absolutely nothing in your recommendations in the report that anything should be done about it. We are coming to the reality now.

I understand that the meetings have collapsed, although I have not had a report of the situation since 3 o'clock. However, since 3 o'clock, the skuttlebut from those who are standing around outside the meeting room at the Department of External Affairs Pearson Building is that they believe the talks will collapse in about two hours and nine minutes from now. In some respects it might be a good thing if all we are heading into for the next 20 or 30 years under a revised Constitution is another situation that does not take into account the realities of Canada.

I think that anyone who has at least thought about the matter should understand that in 1981-82, when we patriated the Constitution to Canada, we included a Charter of Rights that had not previously existed. We put in an amending formula, the "7 and 50" formula. Everyone who was at those meetings knew that the rest of the BNA Act was badly in need of an overhaul. Good heavens, 50 per cent of the federal budget today—

The Hon. the Speaker *pro tempore:* I have to advise the honourable senator that his time has expired.

Is it agreed that he continue?

Hon. Senators: Agreed.

Senator Olson: Thank you very much. What I was saying is that when the Constitution was patriated to Canada in 1982, we knew very well that almost everything in the BNA Act was out of date. The distribution of jurisdiction between the provinces and the federal government was so badly out of date that the federal government, I think, has now reached the point where about 50 per cent of its total budget is being spent in provincial jurisdictions, in such things as post secondary education, hospitalization, medicare and all those things. It all adds up. I am not at all sure that about half of all the money that is spent from the federal budget might go to areas of provincial jurisdiction. Therefore there is absolutely no doubt in anyone's mind that the Constitution has to be amended. It has

to be amended very significantly. Will we again find ourselves in a position of giving some provinces a veto?

Senator Murray: They all have a veto on any change in the distribution of powers. You must know that.

Senator Olson: I know that what we are heading into is a situation that will be a repetition of what happened in 1971. There is a way out. You can buy your way out. When the federal government is buying agreement from the provinces—

Senator Murray: You left us broke. We can't do that either.

Senator Olson: — then some provinces such as Newfoundland, Saskatchewan and Alberta might wind up with the short end of the stick. We can demonstrate that over and over again, if you want to talk about all the cases that we know about.

Senator Murray: Are you supporting the principle of the bill or not?

Senator Olson: The principle of the bill, of the price of going down this road, of setting up what Senator Frith has pointed out to you and then taking into account the unfairness of the way this bill will be put into practice, you can buy—

Senator Murray: Do you support the principle?

Senator Olson: Would you let me decide whether or not I support the principle?

Senator Murray: Now is the time to say.

Senator Olson: I will construct my speech the way I want to, the same as the honourable senator did. There are some things about this bill that I do not support.

Senator Murray: You had better get on with it.

Senator Olson: Why do we have to get on with it? We had better get on with it because the federal government has some political interest in getting settling this Constitutional wrangle. The chickens are starting to come home to roost. The honourable senator knows very well why the government started down this road to try and build up to this constitutional crisis. I am glad you were thwarted before you could run roughshod over some parts of this country that believe they should finally get some justice. Do you want me to explain what I explained a few minutes ago?

• (1600)

Senator Murray: You are over your fifteen minutes.

Senator Olson: I know. I received permission to go over.

Senator Murray: Not in an unlimited fashion.

Senator Olson: I understand it is now acceptable to squelch people who protest what this government is doing.

Senator Murray: Don't abuse the courtesies granted to you.

Senator Olson: "Don't abuse"? You do not even want to hear what people in the other parts of the country have to say.

[Senator Olson.]

I can tell you that people who are going to vote for Joe Clark and others know what is going on here; don't think you're kidding them.

The latest Gallup poll indicates that support for your party is down at 6 per cent. That is happening because people have been subject to the type of abuse that you are now trying to heap on me. One should no longer even speak in this place.

Senator Murray: Observe the rules.

Senator Olson: Much more ought to be said. We have been quiet too long. Now we are going to be clobbered by the whole process. The government does not seem to understand that all areas of this country are as important as the central area. If that is not understood by the government, difficulties, as serious as any that have arisen before, can arise again. If you want to cut me off, go ahead. I will be sending out a few thousand copies of this *Hansard*.

Senator Murray: Talk about fiscal restraint.

Senator Olson: No, no there is no restraint. Is the government going to practice some fiscal restraint as to the number of copies of *Hansard* that I may send out when, last week, it approved a $24 million publicity program for some scrap that it is going to send out?

Senator Murray: Will my interjections be included?

Senator Olson: Your injections are not very helpful to the people who live in this country.

Senator Molgat: But I hope they are in *Hansard*.

Senator Olson: I hope so, too.

Honourable senators, one or two items dealing with the constitutional development that has occurred have not been discussed but should have been.

Senator Frith: Thirty five years and still going strong, very strong!

Senator Olson: If senators opposite think that I am only making a high-pitched political speech, they should think again. There are some fundamental and sincere feelings about what is taking place during the course of this constitutional debate.

I will honour our commitment to send this bill to committee today. Quite frankly, unless some significant changes are made to the bill and how it will operate, we should not pass it. This government will use is as another bulldozing method to circumvent the real wishes of the people.

The government should broaden its horizons a little. There are people in Alberta—in fact there are 2.6 million people in Alberta—in Saskatchewan, in Newfoundland and in Nova Scotia who also have a legitimate interest in what is included in a revised Constitution. This is not a "Quebec Round" or an "Ontario Round". It is supposed to be a Canada Round where the views of people from all over the country are given some consideration in the amending formula.

It ought to be clear that even Conservative governments, such as that in Alberta, are sick and tired of the manner in which this government handles federal economic arrangements and other political issues which are important to people all over this country.

As I said, I do not have many notes with me, so my speech will be fairly short. I want to emphasize that there are sincere and legitimate reasons why government members ought to examine what they are attempting to do, because they are not going to get away with it. I hope the government does not hold a referendum and amend the Constitution prior to the next election because 85 per cent of the people in this country would like to have something to say about what goes into the Constitution. The people of this country do not believe the government has any right to change the Constitution. It does not have a mandate from the last election to do so. The people have lost confidence to the point where the government has only 12 per cent, 15 per cent or 20 per cent support, depending on which month one wants to pick.

The government has no right to do such an important job as amending the Constitution,completely forgetting that views in some parts of the country on the redistribution of real political power are, apparently, absolutely unacceptable to this government, as was stated by the minister himself. He is not willing to even acknowledge that there needs to be a significant readjustment. Unless he does, there will be some pretty difficult days ahead. Quite frankly, in conclusion, I hope the government does not get away with it.

The Hon. the Speaker *pro tempore:* Honourable senators, I wish to inform the Senate that, if the Honourable Senator Murray speaks now, his speech will have the effect of closing the debate on the motion for second reading of this bill.

Hon. Lowell Murray (Leader of the Government): Honourable senators, over the past few years, we have had in this place many interesting discussions on the substance of constitutional reform, and I have no doubt that we will have many such discussions in future. It is not the substance of constitutional reform that is before us today. It is the question of whether this Parliament will authorize the government to call a referendum under certain circumstances and to set up the machinery for such a referendum, if it is called. That is the question before the house at second reading of Bill C-81.

I do not intend to respond in any detail to the comments we have heard from our friend Senator Olson, who I would congratulate on this, the 35th anniversary of his entry into Parliament. I will have more to say on that later, if the honourable senator will stick around after we have had the vote on second reading of this bill.

I cannot, however, let pass without some brief mention the remarks he made. First of all, just before he sat down he spoke of the question of the division of powers, how suggestions relating to the division of powers had been rejected by the federal government and perhaps—

Senator Frith: I think he was talking about political powers.

Senator Murray: He was talking about the division of powers. That was the term he used in the last minute of his speech.

Senator Frith: Distribution of political power is what he meant; is that not correct?

Senator Olson: Of course.

Senator Murray: The distribution of legislative power is a pretty important subject and surely one that all provinces take an interest in. I have to remind him that, in the discussions which are now going on, presided over by Mr. Clark, there has been unanimous agreement on matters relating to the distribution of powers. That agreement includes his friend and compatriot from Alberta, Mr. Horsman; and ministers from British Columbia and the other western provinces.

Honourable senators, the honourable senator has made some comments from the perspective, he has said, of a westerner and of the western provinces which I think are quite unfair and a distortion of the truth.

I voted against the 1982 constitutional reform because, as I said at the time, Quebec was excluded.

Senator Olson: They were not. They chose to be; they excluded themselves. We were both at the meeting.

Senator Murray: Let me remind the honourable senator what western Canada achieved in the 1980-82 round.

• (1610)

The amending formula that was agreed on, and which now forms part of our Constitution, was Peter Lougheed's amending formula. It entrenched the principle that he and his colleagues from western Canada promoted: the principle of the equality of the provinces. It did so by giving to every province a veto over any loss of its legislative power.

Senator Frith: Effectively removing the Senate from the amending process.

Senator Murray: An amendment relating to natural resources was made at the time, at the instance of Premier Lougheed, Premier Blakeney and others from western Canada.

Senator Olson: I was talking about the power of the full Parliament—

Senator Murray: The honourable senator spoke for 15 minutes and then some; perhaps he will allow me the opportunity to respond.

Senator Olson: Don't give it too much!

Senator Murray: The notwithstanding clause in the Charter of Rights and Freedoms, which was accepted by Mr. Trudeau as the price for getting this package through, was put forward upon the insistence of some of the western premiers. They were, as I recall, Premier Lyon and Premier Lougheed.

It is wrong to suggest that western Canada has been the victim of constitutional reform in the past, or that it is likely to be the victim of this or any future round of constitutional reform. I remind the honourable senator that, when western Canada

took part in the deliberations from the late 1960s through to 1982, Senate reform was not on the agenda, except for the Province of British Columbia which had a version of Senate reform on its agenda. However, it was not on the agenda of my honourable friend's province, or of the other western provinces.

Senator Olson: They have had some lessons since.

Senator Murray: This is a relatively recent item on the western agenda. This is no day for indulging in recriminations or reproaches to anyone. The honourable senator is quite certain that the process will collapse this afternoon.

Senator Olson: That is what they say.

Senator Murray: If so, he knows more about it than do I. But when he talks about the Triple-E Senate, and the objections to the Triple-E Senate, the fact of the matter is that while the Triple-E Senate is unacceptable to a number of provinces, and, yes, to the federal government, as Mr. Clark has pointed out, Mr. Clark and others have put four or five different models for Senate reform on the table. The most recent, as I understand it, was this very morning.

Senator Molgat: Being abolition.

Senator Olson: It was at three o'clock this afternoon.

Senator Murray: At three o'clock this afternoon, then.

There is, I think, a willingness to compromise on the part of a great many provinces. There were, as of yesterday, five such provinces—whether there are more of them or fewer today, I do not know, because I have not been there. However, some provinces have taken the position from the beginning: "Triple-E or nothing." I think it is important to understand that, and to place that on the record in view of Senator Olson's claim that somehow the advocates of Senate reform from western Canada are being victimized or treated badly.

Senator Olson: "Ignored" is the right word.

Senator Murray: Ignored?

Senator Olson: Yes.

Senator Murray: Honourable senators, the record simply proves otherwise. They have spent on this occasion, as they have spent in previous conferences, as much time, if not more time, on Senate reform than they have spent on almost any other subject.

There were the usual veiled references to Quebec in my honourable friend's speech. I will not take them up in any detail, except to say that I have just told honourable senators the important achievements that were realized by western Canada in the 1980-82 process. There was the amending formula, the notwithstanding clause and the amendment on natural resources.

In addition to that, let me remind the honourable senator that in the 1980-82 exercise aboriginal rights were recognized. Multiculturalism was protected. Gender equality was entrenched. The principle of equalization, so dear to our friends in the Maritime provinces, was entrenched in our Constitution. All these things were recognized and entrenched. Tell me which of Quebec's objectives were achieved in the 1980-82 round? None of them. She was excluded from the eventual deal that was made.

[Senator Murray.]

To come to Bill C-81, I want to thank the spokesmen for Her Majesty's Loyal Opposition, Senator Stanbury and the Leader of the Opposition, for their prompt and thorough response to this bill. In their case, and in Senator Olson's case also, to be fair, I wish to thank them for expressing their support for the principle of the bill. In Senator Olson's case, his support for the principle of the bill was rather nuanced.

Senator Olson: Mine was somewhat qualified.

Senator Murray: Qualified, but there it is. I will take these small gifts as they come and be glad to get them.

Senator Stanbury referred to technical flaws in the bill which he did not quite identify. He will have an opportunity to do so when the bill is given detailed consideration in committee.

On the substantive matters which Senator Stanbury referred to, he disagrees with the latitude that the bill would give to the government, the latitude to decide whether to hold the referendum in part or in all of the country; the latitude to decide whether to hold a referendum at all. Senator Stanbury would have a law that obliges the government to hold a referendum on these constitutional matters. Senator Olson, of course, fears that such a referendum, even a consultative non-binding referendum, would somehow be a steamroller to victimize the west. But Senator Stanbury would have a law that obliges us to hold a referendum.

We differ on that point. What can I say? There is no magic in referenda. While it is all well and good to invoke *vox populi, vox dei*, the fact is that we live in a system of representative government and that our experience in this country with national referenda has not been a happy one. That was the case with the referendum on prohibition, which I think was late in the nineteenth century. It was our experience with the plebiscite on conscription during the Second World War.

My own position, and I believe the position of my colleagues in the government, is that the referendum should be a last resort. That is our position on the matter. As I said in my opening remarks, I am not a very great enthusiast of referenda.

By the way, speaking of technical flaws, the Deputy Leader of the Government, who turns outs to be a Latin as well as an English scholar, tells me that the word "referenda" is incorrect, that referendum is one of those Latin words that do not take a plural. Indeed, the use of the word "referendums" in the title of the bill is incorrect. Perhaps this is one of the technical flaws to which Senator Stanbury and any classical scholars present may wish to address themselves.

I remind honourable senators that in the 1980-82 process Prime Minister Trudeau tried to introduce "referendum" as

part of the amending process, but after reflection it was decided not to proceed in this way. T -

● (1620)

Having said all that, I want to remind them again that, if we decide to hold a referendum in part or all of the country, Parliament will have its say because we will have to come back here to present our plans, the date, and the question we propose to put to the electors. So you will have your say once again.

Senator Stanbury and the Leader of the Opposition both dealt—Senator Frith in considerable detail—with this question of fairness. If you intend to spend more than $5,000 in the referendum, you will have to register as a committee. If you receive more than $250, you will have to disclose the identify of the contributor. These provisions are virtually identical to those contained in the 1978 bill introduced by Mr. Lalonde. In addition, in this bill we have provided for the same spending limits for electors that are provided for in the Canada Elections Act.

Mr. Lalonde, when he presented his paper in 1978, said the following about putting limits on total expenses:

> No country or political jurisdiction has ever conducted a referendum in which total expenditures by parties or groups were controlled. The government is convinced that any attempt in this direction must involve unacceptable infringements of freedoms of association and speech.

That was before we had a Charter of Rights and Freedoms which would come into play in any court case relating to further limits that Parliament might want to impose in this process.

There are legal opinions, as I have indicated, on this matter. My friends may have read the testimony of the Deputy Attorney General of Canada, Mr. John Tate, before the Parliamentary committee in the other place. They may also have read the testimony of Professor Jamie Cameron from the University of Toronto. Professor Cameron, for example, if I read her correctly, sees no problem with spending limits but says that forcing people who want to spend to associate with one or other of a yes or no committee is very problematic in terms of the right to freedom of association under the Charter.

Senator Frith: What about section 1? Only the Supreme Court can deal with that.

Senator Murray: The consensus view, if I can paraphrase, is that section 1 would not save that kind of limit.

Senator Frith: In any event, it is there for the Supreme Court to decide.

Senator Murray: I appreciate that. My friend will also recall what happens when you put questions to the court that they do not want to deal with. They simply decline to deal with them, as they did, I believe, in a reference that was made some years ago on a matter related to the Constitution.

We have, as I have indicated, not only the opinions of our own law officers but also at least six outside legal opinions that were referred to by Senator Frith. My recollection is that, of the six, only one was at all qualified on the subject. Five of them were, in my opinion, absolutely without qualification on the subject of forcing people into yes or no committees as being contrary to the freedom of association and/or freedom of expression provisions of the Charter of Rights and Freedoms.

The authors of these opinions are known, certainly to Senator Frith and Senator Stanbury, as highly respected people in the legal community. They were not told that we intended to make their opinions public. Therefore, the arrangement that was made in the other place, and which I would suggest we can make here, is that honourable senators who are interested can have an opportunity to privately review the legal opinions on which the government is basing its view. Of course, you will have an opportunity to examine the Deputy Minister of Justice or other law officers who may appear before the Standing Senate Committee on Legal and Constitutional Affairs.

Senator Frith made a lengthy and interesting speech on the Lortie Commission and the background to that commission. I do not want to take exception to what he said on those matters. When Senator Austin, who was a minister of the Crown at the time, introduced a bill limiting third party participation which I supported. I still do, in spite of the court's finding. True, we did not appeal. The reason we did not appeal is that we believe, on the basis of the jurisprudence and the subsequent cases involving freedom of expression, that we would not win an appeal.

In any case, the Lortie Commission has made voluminous recommendations. These matters are under consideration by representatives of the parties in the House of Commons. Senator Frith is suggesting that we should change the Canada Elections Act now respecting some of those aspects in anticipation of the referendum.

Senator Frith: I am saying that we should not have a referendum. The matter should be referred to the Supreme Court for clarification.

Senator Murray: I think we will be told, when the Chief Electoral Officer or his representative appears before the committee, that, while it may be possible to change the Elections Act in some respects prior to the next election, doing so prior to a referendum is an exceedingly chancy undertaking.

Senator Frith: I am not recommending that. I am happy with the act as it is. I want it enforced. What I am asking for is a reference to the Supreme Court to settle the whole question of whether it is effective.

Senator Murray: I appreciate that, but if we hope to have any possibility of a referendum in this country, say in the fall, we cannot keep changing the ground, as represented by the Canada Elections Act, on which the Chief Electoral Officer is trying to work and adapt for the purposes of a referendum. The timelines are extremely fine indeed. He will be working

under very tight time constraints to put the machinery in place to make a referendum possible in the fall of this year.

The Honourable Senator Stanbury expressed some concern about the provisions relating to scrutineers, witnesses and so forth. These provisions are all contained in the bill and honourable senators will have an opportunity to question officials from the office of the Chief Electoral Officer when they appear before the committee.

● (1630)

Concern was also expressed about the regulations. Honourable senators will find that there is a provision in the bill providing for the referral of these regulations to the Special Committee on Electoral Reform of the House of Commons and to any committee that the Senate wishes to designate to review these regulations in a certain time frame before they are proclaimed.

I will go no further for the moment. I thank honourable senators for their support for the principle of the bill and for their willingness to give it second reading today and send it to the Legal and Constitutional Affairs Committee. I will make that motion if, as hoped and expected, you give second reading to the bill now.

Hon. Allan J. MacEachen: Honourable senators, I would ask the Leader of the Government a question arising from his remarks. He made a comment to the effect that the provinces and the Government of Canada had reached unanimous agreement on the distribution of powers. Can he take us a bit farther into the situation and tell us at least the general outlines of the agreement?

Senator Murray: First, Mr. Clark and all the others participating made it clear from the beginning that nothing was agreed until everything was agreed.

Senator Olson: It is important that you say that.

Senator Murray: Then I am glad I said it.

Secondly, of course, the agreement was at the ministerial level, but one assumes that those people attending the conference were doing so with a mandate from their governments.

Again, I do not have the details in front of me, but as I recall the announcements that were made some days ago, there was an agreement on such matters as training, culture and the six or seven sectors to which the honourable senator referred in his speech on the Beaudoin-Dobbie Report some weeks ago.

There was a communique issued, or certainly there were comments made by Mr. Clark, as chairman, and by most of the participants at the conference some days ago, to indicate that a consensus had been achieved on the matters affecting division of powers which were before this conference.

Motion agreed to and bill read second time.

[Senator Murray.]

REFERRED TO COMMITTEE

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

On motion of Senator Murray, bill referred to the Standing Senate Committee on Legal and Constitutional Affairs.

SENATORS' STATEMENTS

LEGAL AND CONSTITUTIONAL AFFAIRS

MEETING OF COMMITTEE—QUESTION OF PRIVILEGE

Hon. Earl A. Hastings: Honourable senators, I rise on a question of privilege pertaining to a meeting of the Committee on Legal and Constitutional Affairs which started at 4 o'clock and is still in progress. I had to make a decision whether to go to that meeting or remain in the Senate. I chose to be here because of the importance of the debate that was taking place.

I appeal to the Leader of the Government and to my Deputy Leader to cease these meetings while the Senate is in progress, at least until the end of the session. I certainly hope that my ability to examine the Commissioner of the Correctional Service of Canada will not be compromised by my presence here instead of at the committee, and that the chairman will not excuse the Commissioner from reappearing at a later date.

THE HONOURABLE ORVILLE H. PHILLIPS

THE HONOURABLE HEATH MACQUARRIE

THE HONOURABLE ROBERT MUIR

THE HONOURABLE H.A. OLSON

THE HONOURABLE STANLEY HAIDASZ

TRIBUTES ON 35th ANNIVERSARY OF ENTRY TO PARLIAMENT

Hon. Lowell Murray (Leader of the Government): Honourable senators, as has been noted once or twice earlier today, I want to note with great pleasure and satisfaction the thirty-fifth anniversary of the entry to Parliament of several of our distinguished colleagues; three on this side of the house—Senator Orville Phillips, Senator Heath Macquarrie and Senator Robert Muir—and two on the opposition side—Senator Bud Olson, and Senator Stanley Haidasz. They were elected to Parliament for the first time in the federal general election of June 10, 1957.

In the cases of Senator Olson and Senator Haidasz, their parliamentary careers were interrupted for a time. As I recall, Senator Olson was out of Parliament from 1958 to 1962 and again from 1973 until 1977. Senator Haidasz was also out of Parliament from 1958 to 1962 and I believe from 1972 to 1974.

The service of our friends on this side, Senators Phillips, Macquarrie and Muir, has been continuous. Senator Phillips won two more elections after 1957 in the constituency of Prince, Prince Edward Island, those in 1958 and 1962, but he soon decided that, if one were going to be in Parliament, the Senate was the place to be, and in 1963 he came to this place.

Senator Muir and Senator Macquarrie went on to win seven more elections to the House of Commons; they then came to the Senate a few months apart in 1979.

In the case of Senator Muir, who has been ailing lately, I want to say how much we have regretted his absence in this last little while and to express the hope that his recovery will continue and that he will be back with us again very soon.

That is a message that perhaps can be conveyed to him by our friend Senator John M. Macdonald, who, through eight elections, was Senator Muir's campaign manager, even while holding elective office in the Nova Scotia legislature for a time.

I simply want to acknowledge the excellent contribution that all of these senators have made to Parliament and to the country over the past 35 years, to tell them how delighted we are that they are continuing their service in this place—I trust for many, many years—and to wish them every health, happiness and satisfaction in that public service.

Hon. Senators: Hear, hear!

Hon. Royce Frith (Leader of the Opposition): Honourable senators, I congratulate the senators and I commend the Leader of the Government for articulately and thoroughly expressing the congratulatory and amicable feelings we share about our colleagues.

I will add nothing further, because that would be, to quote the oft misquoted phrase from Shakespeare's *King John*, "to paint the lily", which phrase was properly used yesterday by Senator Macquarrie, one of our honoured senators. It is not "gild the lily". There were expressions like: "to gild refined gold", "to throw a perfume on the violet" and "to add another hue unto the rainbow". Another one was "Smooth the ice", and still another was, I think, "with a candle to seek the beauteous eye of heaven to garnish"—all of them being, according to William Shakespeare, as would be my saying anything more, "wasteful and ridiculous excess".

● (1640)

Hon. Earl A. Hastings: Honourable senators, may I rise to join the Leader of the Government and the Leader of the Opposition in the tributes they have paid to the senators who celebrate 35 years today?

I would, in particular, like to highlight the career of my colleague from Alberta, the Honourable Senator Bud Olson. Bud was first elected in the general election of June 10th, 1957, 35 years ago today. I must tell you that I did all in my power to make sure he would not come here at that particular time because Senator Olson had not seen the virtues of liberalism. He had to remain in Ottawa a few years before he became a Liberal.

Throughout those years, I have to say how much he has meant to me both personally and politically. He served the people of Alberta admirably through those years, and even today, you can see the result of his commitment to western Canada and Albertans in particular. The time he spends in Alberta is taken up on the phone or visiting the people of southern Alberta. Through those 35 years, he lost none of his commitment, whether he was a member of the government or serving in the Senate.

To me, personally, Senator Olson has always been a source of information and inspiration to continue on and to do the best we can for the cause we serve. I want to seize this occasion to say I am sorry for trying to defeat him in 1957.

Senator Frith: You waited all this time to say that?

Senator Hastings: It took 35 years for me to admit the error.

Senator Lynch-Staunton: You can still correct the "blues".

Senator Hastings: I want to say how much we have appreciated working with you and look forward to working with you in the future.

Hon. Joyce Fairbairn: Honourable senators, I too wish to join the chorus of praise to our colleagues on both sides of the House who are celebrating this 35th anniversary—Senator Macquarrie, Senator Phillips, and Senator Muir—all of whom have had remarkable and distinguished careers in both chambers of Parliament and who, I believe, are friends to us all.

Senator Haidasz is another contemporary but, unfortunately he is in the hospital at the moment. The whip assures me he will be all right. I know he would be very pleased to be remembered by both sides of the House today.

Perhaps I too can be forgiven for wishing to spend a special moment saluting my friend and colleague from southern Alberta, Senator Olson. This morning, while using the *Canadian Parliamentary Guide* to note the age and the long list of accomplishments of Senator Olson, I was thinking what a tremendous achievement it is for one to have spent half of his life in this type of public service: through five elections as an MP for the riding of Medicine Hat in southeastern Alberta; as a minister of the Crown, particularly the Minister of Agriculture and Economic Development; as a Senator; and as a leader in both the opposition and government in this Chamber.

As we heard again this afternoon, whether those on the other side of the House agree or not, there is absolutely no question that my colleague, Bud Olson, has been a tremendous spokesperson representing the interests of the province of Alberta; those of his own region of western Canada; and particularly those of the farmers of that region and the agriculture industry across Canada and abroad.

As all of us know, when Bud participates in this Chamber, he speaks, as he did today, not for the powerful, but for working Canadians who want to control their own lives but who

sometimes require a hand from the government and the system. He speaks, as he did today, of fairness and common sense.

Public life has been Senator Olson's life, and he has been strongly supported throughout it by his wife Lucille, who is here today in the gallery, and his family of three daughters and one son.

Parliament has been central to that life and, over the years, it is fair to say, Bud has gained great respect from his peers for his skills as a parliamentarian.

If I may be permitted a personal recollection: Many years ago, when I was a young journalist in the Press Gallery, I first met Bud. He, as my colleague Senator Hastings indicated, operated in a different mode at that point. He was the House Leader for the Social Credit Party of Canada in the House of Commons. He ran the show.

As Bud will recall, in those days there was a certain amount of turmoil in that national party from time to time. On any given day and on any given subject, Bud was the spokesman for the interests of the people who supported that party, particularly in our part of the world. Those were the heady and exciting days of minority parliaments. Bud Olson played a major role in keeping the House of Commons on the rails during that year. From time to time, he was also, without revealing specifics, a very good source for this particular young journalist.

Senator Lynch-Staunton: You are not supposed to divulge your source.

Senator Frith: A lot of information comes out after 35 years.

Senator Lynch-Staunton: The statute of limitations is over.

Senator Fairbairn: Senator Olson was also respected by those who reported the House of Commons from the parliamentary Press Gallery. He was always extremely courteous. He was forthcoming in his conversations with the media, and if he did not want to comment or did not know, he simply said so.

Senator Frith: Just like he is with the Leader of the Government today—forthcoming.

Senator Fairbairn: That is right. That was his method of operation.

With all of that experience, Senator Olson clearly understands our system. He respects and loves our system. He is also very adept at operating within our system, as everyone in this House knows.

Finally, Bud has been a very determined proponent of a useful and a strong Senate. He and I may have the odd disagreement on the future form such a Senate should take, but we have no disagreement at all on the value of this institution as an important and useful part of the national legislative body in this country.

[Senator Fairbairn.]

To Senator Olson, I want to say that Canadians and Albertans, and particularly the people of the Medicine Hat area have had a great deal more than full value from the consistent effort and concern of yourself as their representative. I personally admire his work tremendously. I have learned a great deal from him.

I want to include in my remarks our colleague Senator Hays who is unable to be here today. He, I am sure, would make the same remarks and feel the same sentiments as Senator Hastings and I do. We, all three, sincerely hope that this landmark occasion stretches into many, many more years of public service to our country.

Hon. Senators: Hear, hear!

Hon. H.A. Olson: I want to say a very sincere thank you to all of the people who have said very nice and perhaps exaggerated things about me.

Hon. Heath Macquarrie: Honourable senators, I had hoped that my senior colleague, Senator Phillips, would have preceded me.

● (1650)

I want to say to Senator Murray, my long-time friend, how much I appreciate his remarks and how grateful I am to all of those who were kind enough to note this passing anniversary of mine. I came up to the House of Commons in 1957 as the junior member from Queens, a new riding. My God, it is a long time since anyone has called me junior anything, either in Ottawa or in Prince Edward Island.

I have a fascinating memory of my early days. Before I was elected in this new riding, Mr. MacLean was an incumbent, a highly popular member who had won twice. On the night of our convention we were both nominated for our party. The *Charlottetown Guardian* had on page 1, "The Young Macquarrie and still young MacLean . . ." As we were walking the next day to the Conservative headquarters, which was right above the Liquor Control Board of Charlottetown, someone who was already there on the sidewalk—standing up I assure you—when he saw this apparition of two Tories, shouted out, "Angus, you'll be all right but the other bugger will get nowhere." So here I am, and I am very thankful to the people of Queens and Hillsborough who worked and supported me through, God help us, eight different elections.

I was honoured to be sent to the lower house by the people. I was honoured to be summoned to this one, and having spent all this time on Parliament Hill I still have the highest regard for the upper house. I believe so many things here are done better than they are, and were, in the House of Commons. Therefore I shall always cherish the time here, as I did in the lower house, and I appreciate very much the remarks that were made today.

Hon. Orville H. Phillips: Honourable senators, I would like to express my thanks for your congratulations. I was elected in 1957 in a riding that had always been Liberal except for one and a half years when a Conservative won in a

by-election. However, he was defeated in the next general election. I think I would sum up my memories of June 10, 1957 by saying that I do not know who was the more surprised, the Liberal candidate or myself, but we were both surprised.

Some Hon. Senators: Hear, hear.

GENERAL ELECTION

NUMBER OF DAYS LEFT IN CURRENT TERM

Hon. Royce Frith (Leader of the Opposition): Honourable senators, I had better put my Big Ben calculation on the record. I looked over and saw some anxious eyes saying, "Will he never tell us?" For you democrats it is 164 days until election time. For any of you, and I hope there are none, who are cowardly and contemptuous of democracy, 550 days.

ROUTINE PROCEEDINGS

FARM PRODUCTS MARKETING AGENCIES ACT

BILL TO AMEND—REPORT OF COMMITTEE

Hon. Eileen Rossiter, for Hon. Efstathios William Barootes, Chairman of the Standing Senate Committee on Agriculture and Forestry, presented the following report:

Wednesday, June 10, 1992

The Standing Senate Committee on Agriculture and Forestry has the honour to present its

FOURTH REPORT

Your Committee, to which was referred Bill C-54, An Act to amend the Farm Products Marketing Agencies Act and other Acts in consequence thereof, has, in obedience to its Order of Reference of Thursday, May 7, 1992, examined the said bill and now reports the same with the following two amendments and comments:

1. *Page 9, clause 12:* Strike out lines 33 to 36 and substitute the following:

"farm products, where the Governor in Council is satis-"

2. *Page 14, clause 12:* Strike out lines 20 and 21 and substitute the following:

"the Council pursuant to paragraph 7(1)(j) or (k) that is applicable to that person, or"

One issue that emerged repeatedly during hearings and debate on Bill C-54, both in the House of Commons and in the Senate, is whether the application of the bill should be extended to permit the establishment of promotion-research agencies for agricultural products marketed in interprovincial and export trade pursuant to the *Canadian Wheat Board Act.*

Your Committee is aware that the Canadian Wheat Board supports such an expanded application. This position is also held by the Alberta Barley Commission, which has stated that Canadian Wheat Board grains must be afforded the same consideration as other farm products. Further, the Commission has suggested that such a change would bring some discipline to the process of establishing a levy on wheat and barley.

It is in supporting those groups and producers that wish the application of the bill to be expanded to agricultural products marketed pursuant to the *Canadian Wheat Board Act* that your Committee decided to report the bill with the first amendment set out above.

A second key issue that has been discussed extensively is whether Bill C-54, and perhaps other Acts, should be amended to give Canada Customs the authority to collect a levy on imported agricultural products as they enter Canada.

For reasons of cost and efficiency, some groups have advocated that the bill be amended to allow such a collection.

Your Committee believes that it would improve efficiency if Canada Customs were to collect any applicable levies on imported agricultural products, and urges the Parliament of Canada to seek means by which this could be done on a cost-recovery basis, with Canada Customs remitting the levies to the appropriate promotion-research agency.

Respectfully submitted,

E.W. (STAFF) BAROOTES
Chairman

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

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

ACT TO AMEND CERTAIN ACTS WITH RESPECT TO PERSONS WITH DISABILITIES

FIRST READING

The Hon. the Speaker *pro tempore* informed the Senate that a message had been received from the House of Commons with Bill C-78, to amend certain acts with respect to persons with disabilities.

Bill read first time.

The Hon. the Speaker *pro tempore:* Honourable senators, when shall this bill be read the second time? On motion of Senator Lynch-Staunton, bill placed on the Orders of the Day for second reading on Friday, June 12, 1992.

JUSTICE

CANCELLATION OF COURT CHALLENGES PROGRAM—NOTICE OF INQUIRY

Hon. Dalia Wood: Honourable senators, I give notice that on Tuesday next, June 16, 1992, I will call the attention of the Senate to the cancellation of the Court Challenges Program. [*Translation*]

GOODS AND SERVICES TAX

PRESENTATION OF PETITIONS

Hon. Jacques Hébert: Honourable senators, I have the honour to present petitions signed by 549 residents of the province of Ontario who object to the goods and services tax.

Most of these petitions are from Toronto, Don Mills, Etobicoke, Willowdale and Scarborough.

I also have the honour to present petitions signed by 200 residents of the province of Ontario who object to the goods and services tax.

Most of these petitions are from Ottawa.

So we have a grand total of 749 Canadians who took the trouble to express their objections to the GST by making a very democratic gesture, in other words by signing their names and giving their addresses a real act of bravery!

What never ceases to astonish me is the attitude of senators opposite who can't help smiling or sniggering whenever one of us table a petition signed by hundreds and even thousands of Canadians who are against the GST. We'll see who has the last snigger!

• (1700)

QUESTION PERIOD

[*English*]

THE ENVIRONMENT

EARTH SUMMIT IN RIO DE JANEIRO—COMPOSITION OF CANADIAN DELEGATION

Hon. Gildas L. Molgat (Deputy Leader of the Government): Honourable senators, I have a question for the Leader of the Government in the Senate. On May 13, in the absence of the Leader, I gave notice to the Deputy Leader of a question regarding attendance at the Rio conference. I did not expect an answer that day because the Leader was not present, and I waited for some time. On May 20 I repeated the question. The minister then stated that he would look into the matter and bring in a report.

On May 21 I again raised the matter and pointed out once more that apparently the House of Commons was sending a number of persons. His response was that he did not have the information and "the details have yet to be finalized by the Prime Minister."

In answer to further questioning he stated:

> Whether any other parliamentarians are part of that official delegation, I do not know. What I have in front of me states that the details have to be finalized.

I asked, "Is there the possibility that parliamentarians will be going"? His answer to that was, "I do not know."

Now that the conference is in progress and the delegation is in Rio, can he tell us who is, in fact, part of that delegation? Are there parliamentarians from the House of Commons? Are there parliamentarians from the Senate?

Hon. Lowell Murray (Leader of the Government): Honourable senators, as I indicated to my honourable friend on previous occasions, my understanding is that one or more of the standing committees of the other place are sending representatives to Rio, whether to the main conference or to some meeting that is being held on the margins of the main conference, I do not know.

So far as the Canadian delegation is concerned, I can tell the honourable senator that it consists of the Prime Minister and two other ministers: Mr. Charest and Mr. Crosbie; a number of deputy ministers and ambassadors whom I can name if my friend wishes; and the Canadian negotiating team of 12 public servants from various departments of government.

I also have a list of official advisors to the Canadian delegation. I believe this is what the honourable senator is looking for. This list of 15 includes two federal parliamentarians, one of whom is the Honourable David MacDonald, MP, from the House of Commons and the other is our colleague, the Honourable Therese Lavoie-Roux.

Senator Molgat: These are the only two parliamentarians in the group? Any others who are present are there as a result of a decision of a committee of the other place, is that the case?

Senator Murray: Either that, or they are there on their own.

Senator Molgat: When was the decision made to send David MacDonald and Senator Lavoie-Roux on the delegation?

Senator Murray: I have no idea, honourable senators. This list was given to me sometime last week. The official advisors also include a number of provincial government representatives, including Premiers Filmon and Wells; and Ministers Clemens of Prince Edward Island, Ciaccia of Quebec, Miller of British Columbia, and Ningark of the Northwest Territories.

Senator Molgat: Was there no consideration given to continuing what I believe has been the practice in the past of having a balance between parties represented on an official government delegation?

Senator Murray: I am not sure what the precedent for that is, honourable senators. The Canadian delegation is divided into the following parts: First, the Prime Minister with his

ministers and ambassadors; second, the UNCED negotiating team; and third, official advisors to the Canadian Delegation which consists of two parliamentarians, one from either house, both of them supporters of the government, a number of provincial ministers or premiers, and a number of representatives of youth, women, labour, business and environmental organizations.

Senator Molgat: I thank the minister for his comments. Perhaps he could pursue the matter further and determine if it has not been the practice in the past, when a group is chosen to represent Parliament, that there is a balance between parties.

Senator Murray: I have been on ministerial delegations in the past which consisted of a small number of parliamentarians from both parties. Senator Frith will recall our visit to China some years ago under the leadership of the Minister of External Affairs. He and I were the two senators present and there were four or five from the other place. This was not an international conference. I think it is fair to say this was a ministerial—

Senator Lefebvre: Junket?

Senator Murray: —tour of the Peoples' Republic.

Senator Frith: Fulfilling an invitation from the government.

ENERGY

NATIONAL ENERGY PROGRAM—NOTICE OF INTENT TO ASK QUESTIONS

Hon. H.A. Olson: Honourable senators, the Leader of the Government almost invited me to ask him some questions on the national energy program, of which there seems to be a complete absence at the present time. As a matter of fact, I brought along some of my notes, so I was prepared to do just that.

In view of the hour, I will forgo that pleasure today. However, I wish to give him notice that I intend to ask a series of questions at the next sitting on petroleum, natural gas and oil because those industries in Western Canada are probably in the most depressed state that they have ever been.

● (1710)

All these accusations about the National Energy Program having done some damage to that industry pale in comparison to the real damage that has been done in the last four or five years.

Senator Murray: Is that what they are saying in the oil patch?

Senator Olson: That is what they are saying, and I want to ask the minister some questions about what the government intends to do about it. However, I will not do that today.

Senator Murray: Are they asking that the Liberals and the NEP be brought back?

Senator Olson: They would like to have some government.

CANADA-UNITED STATES FREE TRADE AGREEMENT

CANADIAN STEEL INDUSTRY—U.S. PROTECTIONISM—GOVERNMENT POSITION

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, I have a question to ask of the minister which is a follow-up to a question I asked on June 4. It was with regard to the impending action by the steel industry in the United States insofar as Canadian exports to the U.S. are concerned. This has been causing us some troubles, even though we are supposed to have a free trade deal with the Americans.

At that time I questioned the minister about the Prime Minister's visit with Mr. Bush, after which the Prime Minister declared victory, saying that, from now on, Mr. Bush would be helping us out. The minister indicated to me that Mr. Bush, apparently, did not have much to do with this. However, in answer to Senator Olson he said the following:

> Honourable senators, the purpose of the discussions between the Prime Minister and the President of the United States is precisely to ensure that, before any such decisions are made by the administration, consultations are held at the highest level of the U.S. administration and we are not harassed by bureaucratic decisions or even political decisions at a lower level.

Today, I have in my hand a clipping from the Winnipeg *Free Press*, dated today, the headline of which reads: "Canada gets no favours from U.S. in steel-dumping controversy." Its byline is Washington. It states:

> Ottawa's attempt to involve top American officials in avoiding trade disputes appeared unsuccessful yesterday when the chief U.S. trade official said she hadn't asked the U.S. steel industry to exclude Canada from a threatened duty case.
>
> Trade Minister Michael Wilson said he and U.S. Trade Representative Carla Hills discussed steel and other trade irritants, including softwood lumber and Honda Civics, at a meeting of a commission to assess the Canada-U.S. free-trade agreement.
>
> Hills was asked if she had contacted U.S. industry officials to suggest Canada should not be among those named.
>
> "No, I have not," said Hills, the chief trade official in the United States and a member of President Bush's cabinet.
>
> After a meeting with Bush two weeks ago, Prime Minister Mulroney said he had received assurances of "structural changes" in the way the U.S. administration handles Canadian trade problems.

Would the minister tell me how on earth this article relates to what he said last week? Last week, he said that the purpose of the visit by the Prime Minister was to ensure that before any such decisions are made consultations are held at the

highest level of the U.S. administration. Yet, we have the highest level of the U.S. administration, Carla Hills, who is the official responsible for this matter and a member of Mr. Bush's cabinet, who has taken absolutely no action by her own statements.

Hon. Lowell Murray (Leader of the Government): Honourable senators, the proof of that pudding will come when, and if, any decision is made by the United States government concerning this initiative that is being taken by the U.S. steel industry.

Senator Molgat: Honourable senators, the assurance that Mr. Mulroney gave when he came back from Washington was that the President would be prepared to ensure that Canada was not harassed in this way. Mrs. Carla Hills now says that she has not even consulted with the steel industry. Absolutely no action has been taken by the federal government of the United States, by the president or his representative, even to attempt to talk to the people involved. What help are they providing?

Senator Murray: Honourable senators, the honourable senator is really straining to try to make a point. The fact of the matter is I referred the other day to harassment of Canadian interests by lower-level United States bureaucrats or even political figures. In the present case what you have is an initiative aiming at some 20 countries by the United States steel industry.

When, and if, the U.S. administration is called upon to make any decision on that matter, my honourable friend will see, I am sure to his entire satisfaction, the value of the agreement reached by Prime Minister Mulroney and President Bush in their recent meeting.

Senator Molgat: Honourable senators, are we to assume there will be no efforts undertaken by the U.S. government to talk to any of its industries which are prepared to cause Canada problems on trade?

Let us change our focus and have a look at the other side of the coin. What happened when the problems with softwood problems arose some years ago? Did the Canadian government at that time not attempt to reach an understanding with the provinces? Is it not as a result of Canadian government action—dealing with the lumber people and the provinces—that we imposed a tax within Canada? The Canadian government did act in response to an action by the United States.

We now have a case of United States action against Canadians and the U.S. government will not act.

Senator Murray: Honourable senators, we consulted with the provinces and with the Canadian lumber industry and reached an agreement on a strategy to protect Canadian interests against a decision which we were certain would be taken against our interests, and for politically motivated reasons, by the relevant United States department.

[Senator Molgat.]

I remind the honourable senator, we have, within the free trade agreement, a dispute-settlement process which can be invoked, if necessary, when we believe we have been unfairly treated by the United States authorities.

Senator Molgat: Can we expect continued harassment by American industry? Our industry will have to incur all the costs involved in defending a case in spite of the free trade agreement.

Senator Murray: Honourable senators, our industry knows that in this government they have a body they can count on to defend their interests and assist them fully in making their case.

DELAYED ANSWERS TO ORAL QUESTIONS

Senator Lynch-Staunton (Deputy Leader of the Government): Honourable senators, I have a reply to a question asked on May 13 by Senator Perrault regarding the pamphlet "Where Your Tax Dollars Go". I also have answers to questions asked on May 20 by Senator Petten regarding the North Atlantic Fisheries Organization; on May 21 by Senator Austin regarding Japan and the effect of its trade surplus; and on June 2 by Senator Perrault regarding the pamphlet "An Agenda for Prosperity".

TAXATION

"WHERE YOUR TAX DOLLARS GO"—NUMBER AND DISTRIBUTION OF GOVERNMENT PAMPHLET

(*Response to question raised by Hon. Raymond Perrault on May 13, 1992*)

The Greater Vancouver supermarket network consists of 29 Canada Safeways, 5 SuperValus, 2 Overwaitea Foods and 3 IGAs. Some 2,958 copies of the booklet were picked up by interested Canadians in the Greater Vancouver area, representing 84 per cent of total booklets placed in those stores.

InfoNet Media, a Division of Strategium Media Inc. of Rexdale, Ontario, is a privately held, wholly owned Canadian corporation established in 1976. It is a bona fide supplier of low-end advertising and print distribution services, and is registered as such with Supply and Services Canada. From time to time, the Department of Finance has and continues to secure the services of InfoNet Media, on a contract basis, to provide a broad spectrum of Canadians timely economic, fiscal and tax information.

The company employs some 170 Canadians throughout its coast-to-coast operations and is presently the only firm in the country offering this type of service on a nation-wide basis. The Company's headquarters are located at 2 Vulcan Street, Rexdale, Ontario, Canada M9W 1L2. Further information may be obtained directly from company officers.

NORTH ATLANTIC FISHERIES ORGANIZATION

RESULTS OF HALIFAX MEETINGS—GOVERNMENT RESPONSE

(Response to question raised by Hon. William J. Petten on May 20, 1992)

Measures discussed at the Special NAFO session held in May in Dartmouth will be considered for adoption at the annual NAFO meeting in September. These include:

(1) the introduction of a pilot project for an observer program which would help provide independent information on practices such as the use of undersize mesh or misreporting of catches;

(2)the introduction of fishing plans to help balance the fishing effort of foreign countries with legitimate fishing opportunities and quotas;

(3) the inclusion of a catch reporting feature in the present hail system to provide more timely catch information to NAFO; and

(4) providing inspectors with access to vessel production logs or stowage plans to more accurately compare catch records with actual fish products on board.

Technical experts nominated by NAFO Contracting Parties will work over the summer months to develop the operational details of these measures aimed at improving international controls on fishing outside 200 miles. Canada will work with representatives of all NAFO Contracting Parties to finalize the details of these reforms to the NAFO system and will seek their support for adoption of these measures. If adopted at the NAFO annual meeting in September, these measures would improve surveillance and control over vessels outside 200 miles. This would be modest progress toward ending overfishing but would not lessen the need for other important measures to be taken by individual contracting parties such as inspection of fish products when unloaded in home ports.

At the same time Canada and 39 like minded states are pursuing adoption at UNCED in Rio de Janeiro of principles and measures to end overfishing on the high seas and a follow-up conference under UN auspices to devise rules to control fisheries on the high seas and to solve high seas fishing problems.

Following the Rio Summit, Canada will seek the support of its G-7 partners at the Economic Summit in July for conservation of fish stocks on the high seas including the strengthening of regional organizations such as NAFO and effective monitoring and enforcement of their conservation decisions.

INTERNATIONAL RELATIONS

JAPAN—EFFECT OF TRADE SURPLUS ON TRADING PARTNERS—GOVERNMENT POLICY

(Response to question raised by Hon. Jack Austin on May 21, 1992)

In the May 21, 1992 question concerning Japan's trade surplus, it was observed that, on the basis of data available for the first few months of 1992, Japan's trade surplus for the entire year can be projected to be about $130 billion. This figure would represent a significant increase from the 1991 level, which in itself was much higher than the 1990 trade surplus. It is helpful to put these figures into context:

-In 1991, the Japanese trade surplus was $103 billion or 3.1 per cent of GNP;

- the International Monetary Fund has forecast that Japan's trade surplus will be $120 billion or 3.3 per cent of GNP in 1992;

- in 1985, the year that the Plaza Accord was signed, Japan's trade surplus was $55.2 billion or 4.2 per cent of GNP.

Therefore, the trade surplus is projected to be smaller in 1992 as a per cent of GNP than in 1985. Nevertheless, the recent increases in the nominal value of the trade surplus are still significant.

Japan has publicly recognized the need to make, through the introduction of structural change, its economy more open. In volume terms, Japan's imports have risen by 65 per cent since 1985 compared to 19 per cent for exports. In 1988, Japan signed the Structural Impediments Initiative with the United States, under which formal commitments were made to make the economy more open. They include a commitment to reform several regulatory government bodies, including the Fair Trade Commission. The changes are also expected to contribute to a reduction of the trade surplus over the next three to five years.

The G-7 process provides Canada with an appropriate and effective forum through which to express our views about international economic developments. The increase in the surplus was discussed by ministers at the April 26 G-7 meeting in Washington. The ministerial communiqué took note of the persistence of external imbalances in some of the G-7 countries and made special reference to the value of the yen. To quote the communiqué: "Exchange markets have been generally stable in recent months, though they (the ministers) noted that the decline of the yen since their last meeting was not contributing to the adjustment process."

Since the April 26 Ministerial meeting, the yen has appreciated from a level of about 133-135 per dollar to 127-128 per dollar. The Governor of the Bank of Japan, the Japanese central bank, has made public remarks calling for a stronger yen. This does not represent a "second" Plaza Accord, nor is an accord seen as necessary. Market forces, in conjunction with structural change, tend to equilibrate trade imbalances over time.

To conclude, while the trade surplus in Japan appears to be set to increase in dollar terms in 1992, the anticipated level of the surplus relative to GNP is expected to be lower than that recorded in 1985. The Department of Finance is monitoring developments in the Japanese external accounts. Through the G-7 process and other fora, Canada will communicate any issues or concerns to Japanese authorities as necessary.

THE ECONOMY

"AN AGENDA FOR PROSPERITY"—CIRCULATION OF GOVERNMENT PAMPHLET

(Response to question raised by Hon. Raymond J. Perrault on June 2, 1992)

The government had 10,662,647 of the tabloids printed and distributed to households across Canada. The tabloid is a shared cost program involving existing communications funds from a number of government departments.

The government has a responsibility to not only listen but to inform all Canadians. In developing the Prosperity Action Plan—a plan which addresses the roles of government, business, labour and individuals—the government has been inclusive and not exclusive—encouraging Canadians to have real and meaningful input into the process. The result will be a plan to carry Canada into the future. The tabloid informed Canadians about some of the feedback that the government has received from Community Talks participants and further offered them the opportunity to request a copy of the Community Talks Summary.

ANSWERS TO ORDER PAPER QUESTIONS TABLED

CROWN CORPORATIONS AND FEDERAL DEPARTMENTS

Hon. John Lynch-Staunton (Deputy Leader of the Government), tabled the answer to Question No. 12 on the Order Paper—by Senator Molgat.

VETERANS AFFAIRS—INDEPENDENCE PROGRAM

Hon. John Lynch-Staunton (Deputy Leader of the Government), tabled the answer to Question No. 56 on the Order Paper —Senator Marshall.

DEBT SERVICING AND REDUCTION ACCOUNT BILL

THIRD READING

Hon. William M. Kelly moved the third reading of Bill C-21, relating to the accounting of certain payments for the servicing and reduction of the debt of Canada.

He said: I yield to Senator Stewart.

[Senator Lynch-Staunton.]

Hon. John B. Stewart: Honourable senators, this bill relates to the accounting of certain payments for the servicing and reduction of the debt of Canada. The bill provides for an account to be known as the "Debt Servicing and Reduction Account".

● (1720)

That account is to be credited with every amount paid into the Consolidated Revenue Fund from certain revenue sources. The principal source of money going into this account is to be the goods and services tax.

Honourable senators, this is a humbug bill.

Senator Frith: That is the word; not humble, humbug.

Senator Stewart: That is not to say that the bill is without a purpose. The purpose of the bill was made clear at the meeting of the Standing Senate Committee on National Finance on May 13, and I refer specifically to page 21. Our colleague Senator Eyton referred to the fact that there was to be an account.

> It was really a subaccount, as I understand it. It does not affect consolidated revenue, and it does not change the way money is disbursed. It is not a sinking fund, as I say. Life goes on.
>
> However, it does highlight debt service and debt reduction. It may help with debt disclosure, and it may make Canadians more aware of where their money is being applied and the need for servicing and disclosure. Is it too simple to say that it highlights but it does not change anything substantive?

The minister glowed at that point. He said:

> That probably says it better than I ever could have. I wish I had said it that way because that is entirely accurate. People said that this—

presumably the GST—

> — would be a cash cow. They said, "You guys will make a lot of money from this, and we will not see it or know about it." This, of course, makes the entire new sales tax system totally transparent for the Canadian public.

Honourable senators, the truth of the matter is that the purpose of the bill is to make the GST tax system opaque to the Canadian public. That is the purpose of the bill as revealed in the meeting of May 13. I asked Mr. McDermid, the minister, if there was any difference between the effect of the new sales tax, the GST, and the effect of the old sales tax, the manufacturing sales tax, on the deficit and thus on the debt. He said no.

So why the bill?

Mr. McDermid's reply was that the sales tax now has become visible.

Because it —

being the sales tax—

> — became visible, and because people wanted to see where this tax was going, they made it very clear that they would not object to this tax as much if they could see what the tax was being used for, especially if it was being used to reduce the deficit. That is why the government was motivated to do this.

At that point, I said:

> So you are saying that the purpose of this arrangement is to overcome the objection to what you call a divisive tax, but it really is not to reduce the deficit any more than the tax it replaced.

The minister replied:

> The difference now is we are making this extremely transparent so that people can see where it is going, and it is audited by the Auditor General.

So there we have it. The establishment of this new account into which the proceeds from the GST will go will have no effect upon the reduction of the deficit and thus the debt. The only purpose of this account is to suggest to the people that the GST goes to reduce the deficit, whereas the previous sales tax did not. That, of course, is untrue.

It is, as I say, a humbug bill. In the words of Senator Eyton, it will have no substantive effect. He said:

> This bill is accounting, presentation, and disclosure, but it is not substantive by itself.

Honourable senators, attempts have been made to set up sinking funds in other jurisdictions. I turned up a couple of examples. The first example was in Great Britain after the famous Bubble. At that time, Sir Robert Walpole established a "Sinking Fund".

> The principle of the fund was quite simple—perhaps too simple. An Act of Parliament, introduced by the skilful Lowndes, provided that any surpluses arising from the revenues alotted to service these debts were to be reserved "for discharging the Principal and Interest of such National Debts and Incumbrances as were incurred before the five and twentieth day of December 1716." But with the same complaisance with which it yielded Votes of Credit, the House of Commons permitted Walpole to divert the growing produce of the Sinking Fund to the relief of ordinary expenditure, rather than raise new taxes.

Another example comes from late in the 18th century, when William Pitt played around with the sinking fund. Again, I quote:

> Pitt is also incautiously mocked for having maladministered the Sinking Fund, creating an artificial surplus during the war by borrowing large sums at high interest to purchase stock carrying low interest. As a result the Sinking Fund cost more than it redeemed. But this misses the point. Even in peacetime, the Sinking Fund was an absurd and masochistic ritual; it was simply a little more absurd in war. But, as a proof of public virtue, the Sinking Fund was of incalculable psychological value. For a government to tie its own hands and yield up, unresisting, any surplus for the redemption of old debt was a gesture of self-sacrifice quite novel in eighteenth-century finance.
>
> In this it was characteristic of Pitt. Public virtue was his strong suit. In 1784, for example, he brushed aside the attractive sinecure Clerkship of the Pells to which he was entitled, worth £3,000 per annum. The gesture may not have been wholly artless. Like Pope's nymph, the sprightly Sylvia, who
>
> *trips along the Green,*
>
> *She runs, but hopes she does not run unseen.*
>
> Pitt did not expect to go unnoticed. And he was right. He was warmly applauded, and a grateful nation eventually paid his substantial debts.

"Substantial debts" refers, of course, to his personal debts.

• (1730)

> A little humbug notwithstanding, Pitt did make some important contributions to English public finance.

These quotations are from Henry Roseveare's book, *The Treasury*

Here again in Bill C-21 we have humbug. This bill, as Senator Eyton said, is of no substantive importance. It is intended, not to make our financial transactions more transparent, but to make them somewhat opaque.

Senator Molgat: If I recall correctly, it was the honourable Senator Simard who introduced this bill, was it not?

Senator Lynch-Staunton: If there are no further interventions, on his behalf, I move third reading of the bill.

Senator Molgat: I am just sorry Senator Simard was not here to hear our colleague Senator Stewart explain what the bill is all about. It goes without saying that we will not be supporting this bill.

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

Senator Molgat: On division.

Motion agreed to and bill read third time and passed, on division.

SPENDING CONTROL ACT

THIRD READING—MOTION IN AMENDMENT NEGATIVED

Hon. John Lynch-Staunton (Deputy Leader of the Government) moved the third reading of Bill C-56, respecting the control of government expenditures.

Hon. John B. Stewart: Honourable senators, I will take a little bit longer on this one.

This is a bill for a statute to be entitled "An Act respecting the control of government expenditures". I want to begin by

asking honourable senators to read clause 3(5) of the bill. It provides:

> The Minister may present a budget for a controlled fiscal year that proposes program spending for any particular controlled fiscal year that exceeds the spending limit for the particular year if, at the same time, the Minister announces proposed amendments to this Act to increase that spending limit and, in that event, the proposed program spending for the particular year may exceed the spending limit for the particular year if it does not exceed the spending limit for the particular year as it would be if the proposed amendments were in effect.

The purpose of clause 3(5) is to allow a Minister of Finance to bring in his budget with an expenditure forecast higher than the spending limit to be established for that year by this bill. In other words, to set aside the spending limit for a forthcoming year the Minister of Finance need only announce proposed amendments to this act. There is no requirement that those amendments be enacted. Indeed, there is no requirement that those amendments be introduced and read a first time. All the clause requires is that the minister announce proposed amendments.

In the committee on National Finance on June 3, the minister, the honourable John McDermid, was asked what provision the bill makes for a situation where the Minister of Finance announces proposed amendments and where, for one reason or another, those amendments are not enacted. He agreed to provide an answer later.

The following day, June 4, 1992, Mr. Peter DeVries, Director, Fiscal Policy Division, Department of Finance, wrote to the clerk of the committee as follows:

> 1. Section 3(5) specifies that in the event that controlled program spending for a particular year, exceeds the spending limit set out in Bill C-56 for that year, the Minister of Finance may propose an amendment to the spending limit for that year, at or before the time of the budget.
>
> Once Parliament had approved the amendment to the spending limit, which could occur after the budget was presented, the spending limit for the year in question would be officially changed.
>
> This provision in Bill C-56 allows the Minister of Finance to table a budget in Parliament, in advance of Parliamentary approval for the amendment to Bill C-56, otherwise the Minister of Finance would be in violation of Section 3 (1).

Mr. DeVries went on to draw attention to clause 11. He says:

> Section 11 implies that unless Parliament has explicitly deemed that spending in another act is exempt from the spending limits in Bill C-55, such spending must be accommodated within the spending limits set out in Bill C-56.

[Senator Stewart.]

There we have the government's response. By enacting Bill C-56 as now drafted, this Parliament seeks to restrict those successor parliaments. And I submit, honourable senators, that the success of the government in this attempt is questionable.

Let us suppose that Bill C-56 has been enacted. Let us also suppose that next winter the Minister of Finance, in his budget, announces proposed amendments to the act respecting the control of government expenditure. Thereby the minister, under clause 3(5) gains permission to propose program spending in excess of the spending limits prescribed by Bill C-56 for fiscal 1993-94.

Subsequently the Estimates will be presented and voted.After that a bill to appropriate the amounts of money sought in those Estimates will be enacted. In that situation, that Appropriation Act will be inconsistent with the provisions of Bill C-56. The question we must ask ourselves is this: in that situation, where there is a conflict between the provisions of the act eventuating from Bill C-56 and the 1993-94 Appropriation Act,which act will prevail—the one made in 1992, which we are now talking about, or the Appropriation Act made in 1993?

● (1740)

It is a principle of the Constitution that no Parliament can bind its successor. Otherwise, the supremacy of succeeding parliaments, acting within the legislative jurisdiction of Parliament as prescribed in the Constitution, would be limited.

On this point, let me quote British authority. It is always less complex with British sources because the Parliament at Westminsteris not limited by a written Constitution. I am going to quote from *Constitutional Law*, by two eminent authorities, E.C.S. Wade, Downing Professor of the Laws of England in the University of Cambridge, and G. Godfrey Phillips, Sometime Scholar of Trinity College, Cambridge. I am quoting from the Fifth Edition at page 39:

> That Parliament can pass any law whatsoever and that no one Parliament can be bound by an Act of its predecessors nor bind its successors may be illustrated by both His Majesty's Declaration Act, 1936 (this changed the succession to the Throne which had been secured by the Act of Settlement), and by the statutes which have from time to time fixed or prolonged the duration of Parliament's own life.

A few pages later the authors say:

> No Parliament can bind its successors. Otherwise succeeding Parliaments would not be sovereign or supreme. This rule is illustrated by *Vauxhall Estates v. Liverpool Corporation*, [1932] 1 K.B. 733, where it was held that provisions contained in a later act, (Housing Act, 1925, s. 46, which related to compensation for land compulsorily acquired), repealed by implication the provisions of an earlier Act, (Acquisition of Land (Assessment of Compensation) Act, 1919, s. 7(i)) which attempted to invalidate subsequent legislation so far as it might be inconsistent.

In other words, a later act of Parliament that is clearly inconsistent with an earlier act overrides the earlier act.

In dealing with the project that the government has set itself, we should remember that what is to be avoided is an apparent conflict of statutes—in this case, an apparent conflict between an act respecting the control of government expenditures, on the one hand, and an Appropriation Act relative to a year for which there is a limit on spending. That can be avoided by adopting the approach the government itself used in clause 3(5), where the Minister of Finance is to be prevented from presenting a budget for a year that exceeded the limit for that year unless he announced proposed amendments to the act eventuating from Bill C-56.

The government's purpose can be achieved by stopping the progress of any appropriation bill in conflict with Bill C-56. In that way, an apparent conflict of statutes will be avoided, an apparent conflict that, I suggest, always will bring forward the argument that the later act—in this case the Appropriation Act—is not invalidated by reason of inconsistency with Bill C-56.

I remind honourable senators of what we were told on behalf of the government. Let me read it again.

> Section 11 implies that unless Parliament has explicitly deemed that spending in another act is exempt from the spending limits in Bill C-55, such spending must be accommodated within the spending limits set out in Bill C-56.

I emphasize the phrase ". . . that unless Parliament has explicitly deemed that spending . . . is exempt . . ." But what can be more explicit than where Parliament makes an act that in its terms exceeds the limit? Here, we are not talking about general language; we are talking about precise figures.

It cannot be argued that appropriation acts are not precise and explicit as to the total amount appropriated. For example, in 1992-93 the total sought in the Estimates is $48,902,383,552. The act will be precise. One does not have to engage in speculation about the amount. The figure is exact.

Let us look ahead to the forthcoming fiscal year, 19933-94. The spending limit that Bill C-56 will establish for that fiscal year is $104,100,000,000. As we know, that total will comprise most of the statutory expenditures—there are some exceptions—and also the amount to be sought in the Main Estimates and any Supplementary Estimates. There is nothing whatsoever in Bill C-56 that will prevent the enactment in 1993-94 of Appropriation Acts that, when added to the included statutory expenditures, will appropriate amounts in excess of the limit established by this bill, namely $104,100,000,000. Those Appropriation Acts will override the provisions of Bill C-56. Those acts will be later acts. Moreover, in their explicit terms, they go beyond the limit set in Bill C-56. There would appear to be no question as to the legality of those Appropriation Acts.

As I said, what must be done, if the government wants to accomplish the purpose it says it wishes to accomplish, is to prevent appropriation acts—

The Hon. the Speaker *pro tempore:* I wish to inform the honourable senator that his time is up unless he has unanimous approval.

Senator Stewart: I propose to move an amendment immediately, honourable senators.

The Hon. the Speaker *pro tempore:* Is there agreement, honourable senators?

Hon. Senators: Agreed.

Senator Stewart: What has to be done if the government is to achieve its purpose is to prevent an appropriation bill, authorizing expenditures beyond the limits prescribed in Bill C-56, from becoming an act.

Consequently, I should like to propose the following amendment to Bill C-56.

● (1750)

I move, seconded by Senator Adams:

> That Bill C-56 be not now read the third time but that it be amended in Clause 3, on page 5, by adding immediately after line 15 the following:
>
> Where the Minister has presented a budget for a controlled fiscal year that exceeds the spending limit for that year, the second reading of a bill for granting money to Her Majesty for the Public Service of Canada for that year, other than an interim supply bill, may not be moved until the amendments proposed pursuant to Subsection (5) have been enacted.

Let me explain: An interim supply bill—designed to get the new fiscal year started, that is during the months of April, May and June—would be exempt. Before any other bill appropriating money for a fiscal year in which the limit would be exceeded could go beyond the second reading stage, the amendments of which the Minister of Finance, pursuant to clause 3(5), would have given notice must have been enacted. In other words, an act to change Bill C-56 would have to be enacted before any appropriation bill, other than the interim supply bill, could be advanced to second reading. If the government is serious, this amendment will be carried.

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

Some Hon. Senators: Yes.

Some Hon. Senators: No.

The Hon. the Speaker *pro tempore:* Will those honourable senators in favour of the motion in amendment please say "yea"?

Some Hon. Senators: Yea.

The Hon. the Speaker *pro tempore:* Will those honourable senators against the motion in amendment please say "nay"?

Some Hon. Senators: Nay.

The Hon. the Speaker *pro tempore:* In my opinion the "nays" have it.

Senator Stewart: So this bill, too, is humbug!

And two honourable senators having risen:

The Hon. the Speaker *pro tempore:*

Please call in the senators.

Is there agreement on the length of the bell?

Senator Kelly: Could we have a 30-minute bell?

The Senate adjourned to the call of the bell.

• (1800)

The sitting of the Senate was resumed.

The Hon. the Speaker *pro tempore:* Let the doors to the chamber be locked.

Motion in amendment of Senator Stewart negatived on the following division:

YEAS

THE HONOURABLE SENATORS

Adams
Bonnell
Corbin
De Bané
Fairbairn
Frith
Graham
Hastings
Hébert
Lawson
LeBlanc (*Beauséjour*)
Lefebvre
Lewis
MacEachen
Molgat
Neiman
Olson
Petten
Riel
Robichaud
Stanbury
Stewart
Stollery
Thériault—24

NAYS

THE HONOURABLE SENATORS

Atkins
Beaudoin
Berntson
Bolduc
Buchanan
Chaput-Rolland
Comeau
DeWare
Di Nino
Doyle
Eyton
Forrestall
Grimard
Johnson
Kelleher
Kelly
Kinsella
Lynch-Staunton
Macdonald (*Cape Breton*)
MacDonald (*Halifax*)
Macquarrie
Murray
Nurgitz
Oliver
Phillips
Robertson
Ross
Rossiter
Simard
Spivak
Teed
Tremblay—32

ABSTENTIONS

THE HONOURABLE SENATORS

Nil

THIRD READING

The Hon. the Speaker *pro tempore:* Honourable senators, it is moved by the Honourable Senator Kelly, seconded by the Honourable Senator MacDonald, that this bill be read the third time. Is it your pleasure, honourable senators, to adopt the motion?

Some Hon. Senators: On division.

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

Some Hon. Senators: Agreed.

Motion agreed to and bill read third time and passed, on division.

The Hon. the Speaker *pro tempore:* Honourable senators, pursuant to Rule 67(6), I declare that a motion to adjourn the Senate is deemed to have been moved and adopted.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Thursday, June 11, 1992

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

Prayers.

[*Translation*]

SENATORS' STATEMENTS

GENERAL ELECTION

NUMBER OF DAYS LEFT IN CURRENT TERM

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, although the Leader of the Opposition, my colleague Senator Frith, is absent today for a very good reason —he went to Vancouver to attend the funeral of his good friend Senator van Roggen, I would like to continue his excellent tradition of reminding the Leader of the Government that the clock moves on, and that if the government of which Senator Murray is a member has any respect for democracy, Canadians will have the pleasure of voting in 163 days.

However, if the present government is "cowardly and contemptious of democracy", to quote Senator Murray, and I will not try to translate these few words in French because I think some of their impact would be lost, then Canadians will have to wait 549 days.

[*English*]

NATIONAL DEFENCE

REQUEST FOR REVIEW OF ACT

Hon. Nathan Nurgitz: Honourable senators, on June 2 of this year the Standing Senate Committee on Legal and Constitutional Affairs approved Bill C-77, to amend the National Defence Act. During the course of the proceedings, while the committee agreed to proceed with the bill as quickly as possible, for reasons set out in its report, the committee did agree that I would write to the Associate Minister of National Defence urging her to cause a review to be made of the whole National Defence Act, inasmuch as it had not been reviewed for many years.

As a result, I undertook to write to the Honourable Mary Collins, Associate Defence Minister, and a letter was sent yesterday. It reads as follows:

> Dear Minister,
>
> As you will be aware, the Standing Senate Committee on Legal and Constitutional Affairs, which I Chair, reported Bill C-77, An Act to amend the National Defence Act, back to the Senate without amendment on June 2, 1992. Bill C-77 dealt only with revisions to court martial procedures, designed to bring the National Defence Act into compliance with recent Supreme Court of Canada rulings in this area.
>
> However, various members of the committee raised other issues relating to the National Defence Act, inquiring as to whether amendments in these areas had been considered for inclusion in Bill C-77 or in future legislation. In particular, the Committee was concerned that the death penalty is still applicable for certain offences committed by a member of the armed forces.
>
> We were assured that you had given an undertaking in the House of Commons that the National Defence Act would be reviewed with a view to considering what other amendments might be made.
>
> The Committee has asked that I urge you, in the strongest terms, to give priority in this review to the abolition of capital punishment as a potential penalty for breach of any offences under the Act or regulations. As Senator Hastings noted during our hearings, it has been 16 years since the death penalty was abolished in Canada, and even longer since major revisions were made to the National Defence Act, so that a review might be said to be overdue.
>
> Thank you for your attention to this matter and I look forward with pleasure to having my Committee cooperate with you in the speedy passage of such an amendment.
>
> Yours sincerely,
>
> Nathan Nurgitz, Q.C.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, I wish to thank honourable Senator Nurgitz for his statement today and his courtesy in sending me a copy of the letter which I received this morning. I had raised the matter on second reading of Bill C-77 and I am pleased to see that he has taken action.

Apart from the question of the death penalty, I believe there are a number of other items in the National Defence Act that also need to be brought up to date. I trust that that will be done at the same time.

VETERANS AFFAIRS

48th ANNIVERSARY OF D-DAY

Hon. Jack Marshall: Honourable senators, I think it is appropriate, even though a few days late, that we reflect for a few moments on an historic event, the 48th anniversary of D-Day, the landing of the Allied forces on the beaches of Normandy.

June 6, 1944, marked the launching of the most important battle in the history of modern warfare. It was important because that invasion led to the defeat of Hitler and his Axis power.

By the time D-Day arrived in 1944, a nation of only 11 million souls had produced the third largest combined fighting unit in the Allied forces. Many thousands of young Canadians, mostly 18 to 21 years of age, answered the call of their country for one reason and one reason only, to defeat an enemy that threatened peace in the world.

For almost half a century since then we have paid tribute each year to those many young volunteers who paid the ultimate price. During those years, Canadians have heard many versions of the reality of that horrible war from the multitude of historians who wrote about the well-armed, disciplined, determined and highly-trained Canadian soldiers under the leadership of skilled, solid and experienced officers who led us to victory by bringing to bear the versatility of air power, combined with the dogged effectiveness of naval support and the mobile thrust of armour, infantry and artillery.

Yet, honourable senators, for some reason or other today we are suddenly confronted with another version of our country's contribution to the preservation of peace which raises doubt in the minds of those who lost loved ones, and who mourn the loss of those of our youth who paid with their lives and thereby were denied the opportunity to participate in a country that has been an example of steady growth and prosperity over the past half century. We must challenge that negative thinking.

As for those who have been chosen as leaders of our vast regions of Canada and who jealously guard their individual and sometimes selfish interests in creating a nation united for the good of all our people, I hope that they will stop and think of how they earned that right: Through the sacrifice of those young Canadian soldiers who fought and died for their country, which those leaders sometimes easily forget.

ROUTINE PROCEEDINGS

[*Translation*]

THE ESTIMATES, 1992-93

NATIONAL FINANCE TWELTH REPORT OF NATIONAL FINANCES COMMITTEE ON MAIN ESTIMATES PRESENTED AND PRINTED AS APPENDIX

Hon. Roch Bolduc: Honourable senators, the Standing Senate Committee on National Finance has the honour to present its twelfth report concerning its examination of the expenditures proposed by the Estimates for the fiscal year ending 31 March, 1993. I ask that the report be printed as an appendix to the *Debates of the Senate* and the *Minutes of the Proceedings of the Senate* of this day and form part of the permanent records of this House.

[Senator Marshall.]

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

Hon. Senators: Agreed.

(*For text of report, see appendix, p. 1678.*)

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

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

[*English*]

CIVILIAN WAR PENSIONS AND ALLOWANCES 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-84, to amend the Civilian War Pensions and Allowances Act, the War Veterans Allowance Act and the Pension Act and to amend other Acts in consequence thereof.

Bill read first time.

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

On motion of Senator Lynch-Staunton, bill placed on the Orders of the Day for second reading on Monday June 15, 1992.

[*Translation*]

CANADA DEPOSIT INSURANCE CORPORATION 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-48, an Act to amend the Canada Deposit Insurance Corporation Act and to amend other Acts in consequence thereof.

Bill read first time.

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

On motion of Senator Lynch-Staunton, bill placed on the Orders of the Day for second reading on Monday, June 15, 1992.

● (1410)

[*English*]

BANKRUPTCY ACT

INCOME TAX 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-22, an Act to amend the Bankruptcy Act and to amend the Income Tax Act in consequence thereof.

Bill read first time.

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

On motion of Senator Lynch-Staunton, bill placed on the Orders of the Day for second reading on Monday, June 15, 1992.

[*Translation*]

CUSTOMS ACT

CUSTOMS TARIFF

EXCISE TAX 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-74, an Act to amend the Customs Act, the Customs Tariff and the Excise Tax Act.

Bill read the first time.

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

On motion of Senator Lynch-Staunton, bill placed on the Orders of the Day for second reading on Monday, June 15, 1992.

[*English*]

TRANSPORTATION OF DANGEROUS GOODS BILL, 1992

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-45, to promote public safety in the transportation of dangerous goods.

Bill read first time.

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

On motion of Senator Lynch-Staunton, bill placed on the Orders of the Day for second reading on Monday, June 15, 1992.

[*Translation*]

NATIONAL PARKS 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-59, an Act to amend the National Parks Act.

Bill read the first time.

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

On motion of Senator Lynch-Staunton, bill placed on the Orders of the Day for second reading on Monday, June 15, 1992.

[*English*]

EXCISE TAX ACT

INCOME TAX 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-75, to amend the Excise Tax Act and the Income Tax Act.

Bill read first time.

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

On motion of Senator Lynch-Staunton, bill placed on the Orders of the Day for second reading on Monday, June 15, 1992.

[*Translation*]

BUSINESS OF THE SENATE

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, before we proceed with the next item on the agenda, I think congratulations are in order for the Deputy Leader of the Government in the Senate, Senator Lynch-Staunton. He indicated some time ago that he would do what he could to ensure that we get the bills with a little more time to spare, and not next Thursday or Friday, for instance, just before the Senate intends to adjourn.

He was as good as his word, and I appreciate that.

Hon. Jean-Maurice Simard: Another Conservative who kept his word!

Senator Molgat: The only one I know!

Hon. Philippe Deane Gigantès: The exception that proves the rule!

INTER-PARLIAMENTARY UNION

EIGHTY-SEVENTH CONFERENCE, YAOUNDÉ, CAMEROON—NOTICE OF INQUIRY

Hon. Gérald J. Comeau: Honourable senators, I give notice that on Monday next, June 15, 1992, I will draw the attention of the Senate to the 87th Conference of the Inter-Parliamentary Union, held in Yaoundé, Cameroon, from April 6 to 11, 1992.

GOODS AND SERVICES TAX

PRESENTATION OF PETITIONS

Hon. Jacques Hébert: Honourable senators, I have the honour to present petitions signed by 503 residents of British Columbia who object to the goods and service tax.

Most of these petitions are from Kamloops.

I also have the honour to present petitions signed by 200 residents of New Brunswick who object to the goods and services tax.

Most of these petitions are from Fredericton and Moncton.

We have here a total of 703 Canadians who condemn the goods and services tax as being regressive and unfair, while 200 in this group object more specifically to the application of the GST to books and periodicals.

You appreciate that, Senator Chaput-Rolland! The senator just gave me a big smile!

QUESTION PERIOD

[*English*]

ENERGY

STATUS OF PETROLEUM INDUSTRY—GOVERNMENT POLICY

Hon. H.A. Olson: Honourable senators, I would like to address a question to the Leader of the Government respecting this government's energy policy, or gas and oil program, if it has one. I hold in my hand the 1991 annual report of the Canadian Petroleum Association. On the very first page the Chairman, Mr. L.B. Gordon reports:

> . . . the haemorrhaging within the industry has been terribly severe: last year the upstream's net losses were certainly in the hundreds of millions of dollars—our second loss ever . . . The industry's unacceptable financial performance has led inevitably to down-sizing. The number of lay-offs from producing companies has topped 10,000 over the last two years.

In the service and drilling sector, there has been an additional 50,000 to 70,000 jobs lost in approximately three years.

Has the government any plans to assist the energy sector, which, in the words of Mr. Gordon, is "haemorrhaging" and which in 1992 will be experiencing its lowest drilling levels in 20 to 25 years, including all the period that my honourable friend has mentioned when the National Energy Program was in effect?

● (1420)

Senator Murray: Honourable senators, I know, as does the Honourable Senator Olson, that the petroleum industry world-wide has been undergoing a major restructuring and rationalization for the past two or three years, and a similar process has been taking place in Canada. Given the concern that the honourable senator has expressed, and with which I agree, it is much to be regretted that he and his colleagues could not bring themselves to support the changes in the foreign investment policy for the Canadian oil and gas industry announced a few weeks ago by the Minister of Energy, Mines and Resources, Mr. Epp.

[Senator Hébert.]

Senator Olson: In Question Period last week, the Leader of the Government said this in reply to Senator Perrault:

> . . . Canada has had net investment inflows for the first time since the imposition of my friend's—

That is Senator Perrault's, I guess.

> — national energy policy.

One thing is absolutely certain, and that is that there was no net inflow of capital investment into the energy sector. Perhaps the Leader of the Government wants to include the $2 billion that the Ford Motor Company is spending on building a new plant for a new model of vehicle. Why in the name of anything that has any common sense attached to it he would want to attach that to the national energy policy is beyond me. His statement is so ludicrous and ridiculous that it is inaccurate. It has nothing to do with the national energy policy at all.

The serious side of this matter is that we are down to the lowest level of drilling activity in the field in about 25 years. I ask the minister if he has any plans to do anything about that. Never mind what the opposition may or may not support. The people out there are interested in what this government intends to do about the situation. The opposition's policies, good as they may be, quite frankly, will not be implemented until there is an election and we get back into office.

Senator Murray: Honourable senators, the reason I mentioned the national energy policy is that it was responsible for causing a net outflow of investment from Canada for quite a number of years.

Senator Olson: That is a matter of opinion; that is not a fact.

Senator Murray: I agree that Canada does need development capital. To reinforce what the honourable senator has said about investment and expenditures on exploration, I am told that they are expected to decrease by 14 per cent in 1992, while spending on drilling is expected to decrease by 17 per cent. The Canadian companies and their associations repeatedly came to the government, to Mr. Epp, to Mr. Wilson and others, to impress upon us the difficulties that these companies were having in sourcing new investment.

Why, then, does my honourable friend not support the policy announced by Mr. Epp at the end of March in which we abandoned the oil and gas acquisitions policy, which did not allow the sale of Canadian-controlled oil and gas assets valued in excess of $5 million? Why does he not support that measure? That is the kind of practical measure that the industry has asked for. We have responded positively. He ought to have a word with some of the more nationalistic members of his own party.

● (1430)

Senator Olson: Honourable senators, what the Leader of the Government is saying is complete trash. He is saying that the government will not bring in what it believes will improve

the economic activity through national energy policy unless the opposition approves it. When did this start? The government has enough of a majority in both houses to bring in whatever policy it believes can be useful in increasing the activity in that sector.

Why does the leader constantly ask, "Why don't you support it?" Whether or not we support it does not make any difference; we are in the opposition now with a minority. The honourable senator ought to get that message through his head and into his mind. Apparently the new policy of the government is that, every time we ask a question about the mismanagement and failings of this government, the first thing they do is ask, "What would you do?", as if it matters.

This government is in office and it has the responsibility to govern. How can it expect us to take such questions as answers to our questions? I want to know what the government is doing. The people in the industry and the people who have lost their jobs — about 70,000 or 80,000 of them—want to know what the government is doing. They are not particularly interested in opposition policies, because they know they will not be put in place anyway.

Hibernia and other such projects are pretty important to other parts of Canada's energy sector.

Senator Doody: And the Lower Churchill.

Senator Simard: You are having a very good week, senator.

Senator Murray: Senator Olson had asked what the government intended to do, and I told him that the government had responded positively to the representations made by the industry. The announcement was made by Mr. Epp at the end of March. The legislation will be before the House of Commons and the Senate. That is a positive step. I am calling on him to use his undoubted influence with colleagues here and in the other place to ensure approval and swift passage of these legislative amendments, which are very important as the industry has told us.

Senator Olson: Tell us what they are.

Senator Murray: They are facing global competition for capital. It is simply not appropriate to have investment barriers and serious restrictions on foreign investment.

The honourable senator wants to know what they are. We will raise the review threshold for oil and gas from $5 million to $150 million for U.S. investors under the Canada-U.S. Free Trade Agreement. We are doing away with the policy which will not allow the sale of Canadian controlled oil and gas assets valued in excess of $5 million unless the companies are in financial difficulty. The honourable senator knows or recalls that, I am sure. We are responding positively to the representations that have been made to us by the industry.

Senator Doody: Don't be negative now.

Senator Olson: What the leader has just described really amounts to a distressed and forced selling by Canadian companies of Canadian assets in the gas and oil sector.

Senator Murray: So you are opposed to it.

Senator Olson: No, but the consequences of what the honourable senator is advocating ought to be brought to their attention.

Senator Murray: You are against it.

Senator Olson: I am against anything where a government would stand by and let an industry go down the drain. That is what is happening to the gas and oil industry. What the honourable senator has just described is a forced and distressed selling of Canadian assets owned by Canadian companies to foreign investment, as if that will in the long term cure the situation.

I want to know what you intend to do in this respect for Canadian companies, not what you intend to do for foreign companies. We have seen dozens and dozens of Canadian companies going broke in that sector because of the mismanagement of the economy, to the extent that the haemorrhaging has now reached absolutely unacceptable proportions. What does the government intend to do about it? Does it simply intend to make it easier for foreign companies to come in and buy up Canadian assets.

Senator Simard: You have asked your question; sit down.

Senator Murray: Honourable senators, it now appears that we are going to rehash the debate that took place here and elsewhere on the infamous national energy policy that caused so much damage to the western economy. I have to remind the honourable senator, and his friends Lloyd Axworthy and Maude Barlow, that Canadians are owners of their energy resources and will continue to own them regardless of who may own the companies producing the resource. Canadians will continue to benefit from their ownership of energy resources from the collection of royalties and taxes, which apply equally to all energy producers regardless of their apparent nationality.

We continue to have control over energy resource development and exploitation through the federal-provincial regulatory agencies. The fact of the matter is that Canadians themselves have not been willing or prepared to come forward with sufficient new equity investment to fund the needed new development. The Canadian companies, as I have said twice before this afternoon, have come to us repeatedly to tell us about their problems in sourcing new investment. I am very disappointed to learn, as I have just learned, that Senator Olson, who seems to be aligning himself with the Maude Barlow-Lloyd Axworthy faction of the Liberal Party, is opposed to these constructive measures announced at the end of March by the Minister of Energy, Mines and Resources.

Senator Doody: Senator Olson is going to the far left.

Senator Olson: Honourable senators, I have one last question. The government does not have a policy except to make it easier for foreign investment to buy up Canadian investment in Canadian oil and gas assets at depressed prices.

Senator Murray: You are opposed.

Senator Olson: I was interested in whether this government had any policy to increase activity based on market access of Canadian oil and gas in such a way that it would be helpful to the people who are working in that field. I am sorry, but I guess I have to report that I did not get an answer to that question.

Senator Doody: It will all be in the mail, though.

WESTERN SAHARA

IMPLEMENTATION OF PEACE PLAN—REQUEST FOR UPDATE

Hon. Lorna Marsden: Honourable senators, the events in what was formerly Yugoslavia have obscured events elsewhere. I wonder if the Leader of the Government could bring us up to date on the situation in the Western Sahara?

Hon. Lowell Murray (Leader of the Government): Honourable senators, I thought I had some notes from my colleague the Secretary of State for External Affairs on the peacekeeping operation in Western Sahara, but my notes are not up to date. I have notes as of April 28. I will try to bring them up to date in the next day or so.

FISHERIES AND OCEANS

CANADIAN TERRITORIAL WATERS—STATUS OF FRENCH CLAIMS

Hon. John B. Stewart: Honourable senators, would the minister make a statement, either today or at another early sitting, about the decision with regard to French claims in Canadian territorial waters and within Canada's economic zone? Would he, in that statement, describe the decision and provide us with an analysis of the implications of the decision?

• (1440)

Hon. Lowell Murray (Leader of the Government): Honourable senators, I can only help my honourable friend to this extent by repeating what was said yesterday by my colleague Mr. Crosbie, the Minister of Fisheries and Oceans, as set out in a news release yesterday. He said:

> The Court awarded France very little of the area that it had claimed . . . France had claimed an area, outside the 12-mile territorial sea, of 13,703 square nautical miles, but was awarded only 2,537 square nautical miles. A portion of this is in the deep waters of the Laurentian Channel, which contains virtually no fisheries resources.

Mr. Crosbie goes on:

> Elimination of the large disputed zone means that management of the groundfish resources in subdivision 3Ps is now under Canadian control . . . France's claim had encompassed virtually all of St. Pierre Bank, but the area awarded to France appears to contain very limited amounts of groundfish, but more scallop resources.

[Senator Murray.]

The communiqué from the government goes on to quote Mr. Crosbie as saying that his officials are undertaking a comprehensive analysis of the decision with the fishing industry and that preliminary results were to have been made public at a news conference this afternoon in St. John's.

The news release goes on to state:

> To ensure an orderly implementation of the ruling, Canada and France have agreed that fishing vessels will be given 45 days to adjust to the new boundary. Canada's Department of Fisheries and Oceans is notifying the Canadian fishing industry of the geographical coordinates of the new boundary, which will be precisely set out in an Order-in-Council.
>
> The Government is also assessing the implications of the ruling on Canada's oil and gas interests. A drilling moratorium, agreed to by both countries, has been in effect over the disputed area since 1967.

Senator Stewart: When the assessments to which the minister has referred have progressed to a point at which a report would be useful, would the minister make that report available to this house?

Senator Murray: Yes, I will undertake to do that.

THE CONSTITUTION

STATUS OF CONFERENCE—REQUEST FOR UPDATE

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, would the minister bring us up to date with respect to what is happening at the constitutional conference? It has been getting a great deal of TV and radio news coverage. Does he have any further information for the Senate?

Hon. Lowell Murray (Leader of the Government): No, honourable senators, I do not. I expect that the Right Honourable Mr. Clark, President of the Privy Council, will be making a statement shortly.

Senator Molgat: Would the minister indicate to us at this time what definition he places on the word "shortly." Does it mean within the next hour, sometime today or sometime tomorrow?

Senator Murray: When last I enquired, the participants were having lunch. I had the clear impression that not long after lunch Mr. Clark would be making a statement.

Hon. H.A. Olson: Honourable senators, does that mean that the statement will be made right after lunch, and that thereafter there will not be any further discussions?

Senator Murray: Honourable senators, I do not know exactly what the statement will say.

JUSTICE

SOCIAL UNREST—PROPOSED MEETING OF PRIME MINISTER WITH BIG CITY MAYORS AND FEDERATION OF MUNICIPALITIES—GOVERNMENT POSITION

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, shortly after the shocking events occurred in Toronto in early May, I asked some questions in the Senate regarding the Prime Minister meeting with officials of big cities. Since then, I have asked questions on two occasions in the same vein. In reply to my questions, the Deputy Leader of the Government said on May 21 that the Prime Minister had received the invitation and, "The invitation will be given early consideration."

We are now well into June, and the events are a month behind us. While memories are short at times, and events that are of extreme seriousness on a certain day fade as time goes on, I think these events have shocked Canadians. This was not something that we expected. The events in Los Angeles were shocking enough, but for similar events to take place in our own backyard is much worse.

We are facing a serious problem in our large cities. Can the minister indicate when the Prime Minister will undertake to meet with these people?

Hon. Lowell Murray (Leader of the Government): Honourable senators, I really do not have anything to add to the reply that the Deputy Leader of the Government gave on May 21. When there is something new to report, I will be glad to bring it in.

AGRICULTURE

CANADIAN DURUM WHEAT—DECLINE IN SALES TO ITALY

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, my next question is one to which I do not expect an answer today. However, I would ask that the minister seek an answer to it, because it is an important question for Canada in its export area, and in particular as it relates to western Canadians.

There was a recent report from the University of Guelph which stated that the sales to Italy of Canadian durum wheat had very substantially decreased. A decade ago, Canadian durum accounted for 55 per cent of Italy's imports of that commodity. Canada's share at present has fallen to 15 per cent.

Meanwhile, American durum sales to Italy have grown from 7 per cent of Canadian sales in 1985 to 130 per cent in 1990. There is a definite and serious shift involved here.

Some explanation has been given to the effect that this shift is related to the increased production by the European Community, and with the fact that the European Community has had higher import levies. However, that would not account for increased American sales versus Canadian sales. As far as I know, both countries are treated equally.

The explanation given by others is that Canada has not kept up to date in its grading. In fact, they point the finger and say that the Canadian durum grading system cannot satisfy the sophisticated information needs of an advanced processing industry.

Can the minister find out exactly what is the situation? Grading comes under government responsibility. This shift in sales is a serious one, particularly if the Americans, in the meantime, are increasing their sales.

Hon. Lowell Murray (Leader of the Government): Honourable senators, I would be glad to do so.

GOODS AND SERVICES TAX

REVENUE CANADA—REMISSION OF COLLECTED TAXES

Hon. Jean-Maurice Simard: Honourable senators, I have a serious question for the Leader of the Government in the Senate. A couple of days ago, reference was made in a newspaper to the fact that Revenue Canada does not know how many tax cheaters there are, and that Revenue Canada suspects many people do not realize they must file a GST return every three months.

I am one who has supported this tax measure from coast to coast, which measure replaced the federal sales tax. I am one who believes that this tax, as all taxes, must be fair and equitable, and easy to collect and manage. In the last few months the Minister of National Revenue has confirmed to the world that, in order to facilitate matters, changes have been made to the administration, as well as to the number of times tax returns are required to be filed by various categories of taxpayers. Some taxpayers must file just once a year, while others must file quarterly or monthly.

As one who has had experience as a chartered accountant, and has also been a member of a provincial government, I have been able to observe over the years that there are many people who do not pay taxes. Worse, there are merchants who collect taxes from good taxpayers but do not remit them.

Can the Leader of the Government tell us, now or in the next few days, what measures the government will take to ensure that taxes that are collected from taxpayers are remitted to the government? Second, are there any other measures that the minister can tell us about that would help us facilitate tax collection and ensure compliance with the law?

Hon. Lowell Murray (Leader of the Government): Honourable senators, I will be glad to obtain a report on that matter from my colleague the Minister of National Revenue Mr. Jelinek.

THE ECONOMY

INTEREST RATES—FURTHER DECREASE IN PRIME LENDING RATE

Hon. Lowell Murray (Leader of the Government): Honourable senators, its being Thursday, before Question Period ends I want to answer a question that Senator Olson

has not had an opportunity to ask today. I want to advise him and the Senate that the bank rate today went down from 6.23 per cent to 6.08 per cent, a space of 15 basis points. I know that he will join me in expressing his entire satisfaction with the continuing decrease in the bank rate and in interest rates as the progress in defeating inflation and creating conditions for renewed sustained economic growth continues to be realized in this country.

Senator Olson: Will you give a commitment to keep it down?

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): I want to thank the minister for his statement. Frequently, when we ask questions, we find that we get very evasive answers. Now we have a new program by which we get answers to questions we do not ask. That is certainly a step forward.

EXTERNAL AFFAIRS

REQUEST FOR INTERCESSION IN LAMONT-SPENCER CASE

Hon. L. Norbet Thériault: Honourable senators, I wish to ask the Leader of the Government in the Senate a question that has nothing to do with the economy or interest rates, either high or low. My question has to do with the Lamont-Spencer case in Brazil.

Officials from the Department of Justice have appeared before a committee in the other place in order to answer questions on this matter. I have been doing a lot of reading on this case, and like many others, New Brunswickers especially, I am concerned about the Spencer family's trouble. I do not know the Lamont family, but the Spencers in Moncton are a well-known family.

I am not satisfied, as a Canadian, that these two Canadians have been fairly treated. Whatever they may have been involved in—and I am not suggesting they were or were not involved—they are pleading innocent. However, even assuming they had been involved in a crime, had it been in Canada, under the Canadian justice system the case would never have warranted a 28-year sentence.

These two people have now been in jail for over two years, under, from what am I told, very extreme circumstances. I am pleading with the Leader of the Government in the Senate to talk with the Minister of External Affairs, who, as opposed to the Minister of Justice, seems to be the leading minister in this case, to please once again revisit this file.

Along with many other Canadians, especially New Brunswickers, I believe that the minister has made a wrong decision. I ask the Leader of the Government in the Senate to ask the minister to revisit the file and see if she will not change her mind.

Hon. Lowell Murray (Leader of the Government): Honourable senators, the Secretary of State for External Affairs has been involved in this matter because of the suggestion that she should ask a foreign country to expel these two Canadian citizens. I think the point is moot anyway, because it is my understanding that the government of that country would not do so in any event.

[Senator Murray.]

All I can undertake to do is bring in a statement on the Canadian government's position on this matter—not the position of one minister or another, but our position as the government —and table it in the Senate.

Senator Thériault: Honourable senators, that is not what I am asking. I have seen the statement. I know what the government position is. But along with a lot of other Canadians, including lawyers and experts in the field, I believe that the government has taken the wrong position. I do not believe that the Government of Brazil has refused to expel those people. I am told, as a matter of fact, that they would be quite anxious to comply with any request from the Canadian government to have those people sent back to Canada. As a matter of fact, I understand that the suggestion was made, but for some reason refused. I can understand that there might be some repercussions, if it meant the involvement of External Affairs, but I am sure there has to be some reason.

On behalf of the people of Canada, and especially the people of New Brunswick, who think that the decision is wrong, I am asking you to ask the lead minister in this case to revisit the file and see if she will not change her position or if the government will change its position.

Senator Murray: The honourable senator has stated his own position on the matter and he has asked me to agree with it. That I am not in a position to do, because I have not made a study of the issue, frankly.

However, I will be glad to draw his representations to the attention of my colleague. If there are any comments she wishes to make, I will be glad to transmit them to the Senate. Meanwhile, if the honourable senator wishes to engage in a debate on the merits of the matter, I shall obtain enough information to do that at the appropriate time.

Senator Thériault: But I am asking you to—

The Hon. the Speaker: Honourable senators, according to rule 24, Question Period is over. Will you entertain the last supplementary from Senator Thériault?

Senator Thériault: No, they are great rules. I abide by those rules.

ORDERS OF THE DAY

FARM PRODUCTS AGENCIES ACT

BILL TO AMEND—REPORT OF COMMITTEE ADOPTED

The Senate proceeded to consideration of the Fourth Report of the Standing Senate Committee on Agriculture and Forestry

(Bill C-54, An Act to amend the Farm Products Marketing Agencies Act and other Acts in consequence thereof—with certain amendments), presented in the Senate on 10th June, 1992.

Hon. Eric Berntson, for Hon. Efstathios William Barootes, Chairman of the Standing Senate Committee on Agriculture and Forestry, moved the adoption of the fourth report of the Committee.

He said: Honourable senators, I would be happy to make a few comments to explain the three amendments that were dealt with in committee and the order of their disposition.

The first amendment, which I will naturally call amendment No. 1, was brought forward to provide for check-offs for Wheat Board grains that were not included in the original legislation. They were not included in the original legislation, I am told, because the Wheat Board itself was looking at the possibility of doing it internally with respect to its own authority. Since it was too late to include these grains in the original legislation, the Wheat Board came to the conclusion that they would prefer to have the Wheat Board designated area and the grains under the Wheat Board authority included in this legislation.

Honourable senators, this amendment was supported not only by the Canadian Wheat Board, but by the prairie pools, the Alberta Barley Commission, the Canadian Federation of Agriculture and the Western Grains Research Foundation.

The amendment simply deals with the portion of section 39 that served to exclude the Wheat Board. This amendment, honourable senators, enjoyed the unanimous support of the committee.

The second amendment was technical in nature. It was simply to correct an oversight in clause 45 of the bill. The problem was that clause 45, which sets out the offences and punishment under Part III of the act, makes reference to paragraphs 7 (1) (h) and (i). However, these paragraphs refer only to marketing agencies, not promotion-research agencies, and the amendment corrects this oversight. That amendment, likewise, I understand, enjoyed the unanimous support of the committee.

The third amendment to be dealt with was one that would have required levies on imports to be collected by Customs and Excise at the border. Various promotion and research boards have been established in the United States and some of them include check-offs on imports that are collected by the U.S. customs service on a cost-recovery basis. Some examples of that are beef, pork and honey.

Canadian producer organizations naturally want a level playing field with the U.S. and have therefore suggested that Canadian customs officials collect check-offs on imports. However, there are significant policy concerns with this approach, such as the use of customs officials and the Consolidated Revenue Fund for what is essentially private purposes. The precedent that this would set for other industry groups, the strain on limited resources at Customs and Excise, which I am told is already pressed to satisfy its mandate as a federal tax collector, and the potential for check-offs collected by customs to be perceived as taxes rather than levies, cause some concern.

As a result, Bill C-54 neither compels nor authorizes the use of customs officials for the collection of import check-offs. However, clause 46 does provide that promotion-research agencies may authorize persons to access customs information under section 108 of the Customs Act. This is in addition to other provisions of the bill that are relevant to the imposition, collection and enforcement of check-offs on imports.

For example, promotion-research agencies may require that buyers of farm products deduct check-offs from payments to producers and remit check-offs to the agencies. Given the authority to access customs information, it may well be more cost effective for agencies to collect levies than for customs to do it. The reason for that is that customs would be collecting on individual transactions at the border, which could be a costly process. In contrast, a promotion-research agency could use customs information to set up a periodic billing system for importers.

Alternatively, a check-off system can probably be set up to automatically include some or all imports without any special effort. For example, a check-off on all cattle entering slaughter plants would effectively levy all imported cattle.

This being said, it is also worth noting that customs has existing authority to enter into administrative or service contracts with promotion-research agencies for the collection of import check-offs on a cost-recovery basis.

Amendments to Bill C-54 that would permit promotion-research agencies to enter into agreements with the Crown for the collection of check-offs were introduced both in the House of Commons and in the Senate. These amendments were defeated since they would not add to the existing legal authority of the Crown but could potentially mislead by appearing to do so. The majority of the committee was persuaded that the third amendment should not be approved. As a result, it was defeated. That is the explanation of why it was defeated.

Hon. H.A. Olson: Honourable senators, I want to make a few brief comments. Today I guarantee you that I will be brief.

I want to compliment the chairman of the committee, Senator Barootes, as well Senator Rossiter, Senator Berntson and several others for trying very sincerely to find a solution to several of the problems Senator Berntson has just mentioned.

I was particularly interested in an amendment being made to clause 12 on page 9 which deals with certain farm products which come under the Canadian Wheat Board, such as wheat and barley.

Although that clause stipulates that all farm products could be eligible to set up an agency for research and promotion, it excepted grains that come under the Canadian Wheat Board such as barley and wheat. The Alberta Barley Commission,

the group which appeared before us most recently, wanted access to this legislation in order to continue with some promotion work they had been doing. I expect there are groups in other provinces which want the same access. In any event, that amendment is now being proposed to the Senate and I hope honourable senators are prepared to support it.

The second amendment, as Senator Berntson has just mentioned, is really technical in nature and will improve the bill.

The third amendment relates to customs and excise officers at the border collecting the levy and remitting it to the producer organization, be it beef, sheep or horticultural products. This one is a little more difficult to deal with. I accept Senator Berntson's explanation completely. However, when the committee made inquiries to ascertain whether customs officials or the Department of National Revenue already has the authority to enter into an agreement with a farm products agency, we were given different answers. I would assume that the government feels it already has the authority to enter into such an agreement. If that is true, then we do not need an amendment. However, after conducting some research, we did discover that the two or three acts which could contain that authority, simply do not contain it. Some people are of the view that, since it has never been provided for in any statutory provision, it ought to be.

I will not argue about that now because we were told that the Department of Agriculture and the Department of National Revenue are working sincerely and diligently to find a way to provide the agencies that might be set up under this act with the information to enable them to do their own billing, or to have the billing done for them. If further amendments to the act are required when that is worked out, they will come back and ask for that authority. I am satisfied that there is a sincere effort being made to find the most acceptable method of solving this problem.

I was quite surprised when the Canadian Beef Council appeared before us and said that they do not need the customs officers to collect the tax for them, but that they do have to get information from them so that they know who to bill and for how much. Although there has been discussion about collecting one-fifth of one per cent of the value, I am not sure that will be the number when the actual collection is made. Whatever figure is chosen, the Canadian Beef Council representatives had neither the information concerning the name of the companies bringing the beef in nor the amount. That may be one way of doing it.

● (1510)

There was also some indication that there may be some horticultural products where the amounts would be so small and diversified it might be useful to have the customs officer at the border collect the charges right there. That may be another solution.

I am told that the Department of Agriculture—and I know in the past that this was true—has some officers who are either seconded to or working with Canada Customs and Excise at the border to do certain things the Department of Agriculture is required to do for the protection of our plants and animals in this country. Perhaps an agreement could be worked out between them to expedite collection for certain agencies.

In any event, the committee, with the assistance of the support staff, conducted an excellent review of the bill. The amendments we propose will improve it. I sincerely hope a number of farm product agencies will benefit from the passage of this legislation.

Motion agreed and report adopted.

THIRD READING

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

Hon. Eric Berntson: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(*b*), I move that this bill be read the third time now.

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

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): In view of the fact that there is complete agreement on both sides —that is, my colleague, Senator Olson, and the deputy chairman of the committee are in agreement—we are prepared to grant leave.

Motion agreed to and bill, as amended, read third time and passed.

CONFLICT OF INTERESTS

CONSIDERATION OF REPORT—ORDER STANDS

On the Order:

> Resuming the debate on the consideration of the Report of the Special Joint Committee on Conflict of Interests (subject-matter of Bill C-43, An Act to provide for greater certainty in the reconciliation of the personal interests and duties of office of Members of the Senate and of the House of Commons, to establish a Conflict of Interests Commission and to make consequential amendments to other Acts), tabled in the Senate on 10th June, 1992.—(*Honourable Senator Lynch-Staunton*).

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, this order stands in my name. The report was tabled only yesterday, and I am not prepared to speak on it at this time. However, if someone else is prepared to do so, I am willing to yield. Otherwise, I would suggest that the order stand.

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

Hon. Senators: Agreed.

Order stands.

SENATE REFORM

MOTION TO APPROVE THE PRINCIPLE OF AN ELECTED SENATE CONSIDERATION IN COMMITTEE OF THE WHOLE CONTINUED

On the Order:

The Senate again in Committee of the Whole on the motion of the Honourable Senator Molgat, seconded by the Honourable Senator Hébert:

That the Senate of Canada agrees with the principle that the Senate be reformed, by making it an elected body with sufficient membership and power to effectively represent the people of Canada in all regions of our land.

The Senate was accordingly adjourned during pleasure and put into a Committee of the Whole on the motion, the Honourable Senator Nurgitz in the Chair.

The Chairman: Honourable senators, we are now in Committee of the Whole. Senator Doyle, please.

Senator Doyle: Honourable senators, at a time of outrageous demand and impossible challenges, it is surely a small sin to borrow a phrase and twist it just a bit to fit the facts. The fact, surely, is this: The Senate of Canada is at risk of sinking into the black hole of media oblivion. "Oblivion", perhaps, is too all-encompassing a word to describe the darkness in which our chamber has been submerged during most of the last half century.

We—you and I—know that the media have permitted certain occasional flashes of blinding light to shine upon us—flashes intended to cleanse us with the balm of truth. Stage a name- calling fight at the Speaker's chair; a hunger strike in the lobby; squander a dollar on travel, and suddenly the Senate address is remembered by those who cloak themselves in the saffron robes of the parliamentary fourth estate.

They were flashing their lights again last week. Said the top of the page headline in the *Globe and Mail:* "Senate lobby to have major facelift." The deck below the headline read: "Granite, mahogany cosmetic job carries $125,000.00 'bargain' price.

• (1520)

Please note that the word "bargain" before "price" is in quotes, in case you might be stupid enough to believe that "bargain" is intended to mean "bargain". As my son might say: "Wink, wink".

This latest dispatch about Senate waste begins thus and so, and I quote:

> The appointed Senate may be headed for extinction, but that has not stopped members of the upper house from spiffing up their surroundings.

The news of this cataclysmic development had been disclosed a month before at a meeting of the Internal Economy Committee to which the media had been invited. But leave us not quibble; the fourteen paragraphs that followed made a cute little story and contained this memorable quotation from the Government Whip, William Kelly. "The price," said Mr. Kelly, "is marvellous."

Honourable senators, those among you who, for reasons of love or hate, keep an eye on the media will be well aware that when you open a newspaper, the right-hand page is considered to be the prime page. That story of our spendthrift ways at the Victoria Building was at the top of the right-hand page.

Over on the page at the left and occupying only a few inches more space was another report that mentioned the Senate. This was under the headline: "Unity Deal Must Resolve All Issues, Clark Tells MPs." Down in paragraph six, the upper chamber is mentioned, and I quote:

> The two most difficult issues are Senate reform and Quebec's demand for a veto over changes in the Senate. The Senate is the crucial item for the West as the veto is for Quebec.

In the sixteen paragraphs that follow, there is much about the Senate, but nary a word about what senators might think, suggest or timidly offer as solutions to the great national problems buzzing over their bed of pain. Not even a word from Senator Kelly about the price of reform. Score: three senators quoted in the lobby exposé; none in the debate on reform.

It is, honourable senators, as I said earlier, a situation that has existed for fifty years and more in the name of economy —when few newspapers and no broadcasters had any representatives in the Parliamentary Press Gallery—under the stress of wartime manpower shortages—when the Canadian Press kept one correspondent to provide more than 100 newspapers with all they needed to know about the upper house—into the fifties, when even the CP left our Chamber, up to the present when we have to show veteran reporters how to find their way to the Senate gallery for parliamentary openings.

Had it been universally acknowledged that we are rundown bagmen or hangers-on up to no good, it would have been necessary for the press to drive us out of our stout little sinecure. No one seemed up to this expenditure of energy. Instead, it became the convenient wisdom to find relevance only in our irrelevance. Because the Senate was not elected, it and all who entered it were of no importance. The *Ottawa Citizen*, the Senate's hometown newspaper, even launched a campaign of watching and besetting against our colleague, Senator Wilbert Keon, on the grounds that the famous doctor was too good a man to waste his time in this tomb of the unknown hacks.

Thus have the media found time and space to deal, and I quote them, "with the esthetic of elevator doors" in the Senate's Victoria Building while ignoring what has been happening within the Senate itself in a feisty debate labelled "Senate Reform".

On this very subject, the media have done a fair job of defining the argument at the dominion and provincial levels. This is what they told us Joe Clark said on June 3rd:

> We have not yet settled the basic questions of the basis on which the Senate is chosen, or its powers. But a great

deal is agreed. Senators would be directly elected. A system of proportional representation would be defined by Parliament to ensure that the Senate would fully reflect the diversity of Canada. The new Senate would ratify federal appointments or reject them. It would have a 30-day suspensive veto over supply bills. There would be guaranteed representation for Aboriginal Canadians. On issues of French language or culture, a double-majority rule would apply . . . In many areas, exact legal text has been agreed upon, word by word, line by line.

It is assumed, of course, that Joe Clark has followed the Senate debate and has been aware of its thrust; or, at the very least, that one of its his minions has scanned *Debates of the Senate* and given him the appropriate elbow from time to appropriate time. We are aware that he has read the Beaudoin-Dobbie Report, and is aware, as are senators on both sides of this Chamber —aware and appreciative of the work of our colleague who contributed to that historic document.

But the Senate contemplation of its own navel has gone much further and dealt more creatively and more constructively with what our bicameral system could gain from intelligent reform. And, what is far more important, what Canada could lose if the key reformers are opportunistic, if they act in unthinking haste or prevail in ignorance of the way in which Senate functions have been directed and refined in the last 125 years.

The question that Senate Molgat, the Deputy Leader of the Opposition, put before us last winter deals with a matter which Unity Minister Clark says is already settled; that is, should the Senate be elected? In the present political climate, who would disagree? The day of Senate appointment is done. As Gildas Molgat said, "To be elected is the only way in which the Senate will have political validity." Senator Frith said, "If we are not elected, I do not think we will have, in the eyes of the Canadian public, the legitimacy that we require." I nodded agreement.

But that is not consensus, nor is it at all certain that a majority of the senators on this side of the Chamber will endorse that particular change if they remain unconvinced of merit in the still-to-be-determined answers to those other basic questions.

● (1530)

Senator Paul David, away back in February, before any "legal text" had been agreed upon, made one of the most challenging arguments heard in the debate. He said: "In our parliamentary system, the Senate is not an isolated institution. It seems crucial to me to better define its role, its mandate and its powers before deciding that it be elected in a system that perhaps would not be suitable for it."

Senator Bolduc, in a speech that gave great attention to the historic differences in the exercise of Senate powers in Canada and the United States, came to a conclusion that was implicit in this question: How can we design a system for Canada in which the Senate is elected, yet the majority view of the House of Commons prevails, not only for money bills but for any bills?"

[Senator Doyle.]

Honourable senators will recognize that there can be simplistic answers to Senator Bolduc's rhetoric. We hear things such as: So diminish the Senate's area of responsibilities that it can be given little powers that are absolute; put a time limit on powers to delay that can be built into the planning of all government bills; so weaken the processes of election that the Senate becomes an Italian-style house of one-cause advocates that would never prevail over the party-driven groupings in the Commons. A dozen solutions could be trundled in, each one supported by a claque convinced that its scheme would fertilize all the flowers in the garden of democracy.

Senator Bolduc cuts to another question: "If governments tend to give pressure groups privileges at the expense of the silent majority, how can the Senate counter this tendency and get the upper hand on these interest groups which gain strength with every victory? How can this current be diverted when it is conceded at the start that the Senate should represent regional views while the lower house, by its make-up, is supposed to favour centralism?"

Should the Senate be elected? Senator Phillips, participating in what he called "the feeding frenzy of the constitutional discussion," offered this: "Let us consider that the elected Senate is the type envisioned by Senator Molgat. They have been elected independently of political parties. They have no allegiance to Canada as a complete country. They concentrate on the narrow aspects and requirements of their regions." Senator Phillips wants to know, however, what might be expected from an elected Senate "if only the Premier of Alberta speaks for Alberta."

Let us hear from Senator Olson: "I believe, having been both in the Commons and here, that the Senate should not govern Canada. That is the job of the elected members." Senator Olson is an old boy. Senator Keon is as new as we can get. He says: "An elected Senate could cause some serious problems in governance . . . Could we use some medium for selecting (senators) and remove it from the traditional way of having people appointed by successive Prime Ministers?"

Another new man, Senator Di Nino, who has been meeting for months with members of our caucus interested in reform, says: "Unless the Senate is reformed to such a degree that it becomes more effective, then we have to wonder what the purpose of continuing the Senate would be."

Senator Grimard looked about him and saw "senators who are well qualified—former premiers and ministers, farmers, businessmen, professionals. I favour an appointed senator over an elected one," he said. "I realize that, rightly or wrongly, most people do not like the Senate in its present form and since I am against an elected Senate, I must say what I think frankly. For all these reasons, regretfully, I am for abolishing the Senate."

Abolition is about the only reform that was not put on the table by Senator Lowell Murray. The Government Leader in

the Senate said: "We ought to put the entire parliamentary system up for discussion in the debate, and rather than considering the reform of one chamber and the grafting of an American institution onto the Canadian system, whether we ought not to reconsider the whole system while we are at it. Given the nature of the country, whether we ought to consider having a separation of powers as between the executive and the legislature as there is in the United States."

Why such a wide horizon? Senator Kinsella pinned it down: He said: "I would like to have the argument clearly articulated that this new system will be as effective as the present system has been for 125 years in protecting freedom and democracy." Senator Bolduc again: "Without drastic reform of the whole parliamentary system, an elected Senate would create more problems than it would solve."

The range of targets for reform widened as the senators were asked to consider a chamber where they themselves would chose Speaker, Clerk and Gentleman Usher; where they would have a work schedule that would provide for examination of the parliamentary mysteries of regulations; where they could develop a brake on the bureaurocracy; where they could take on a far greater share of the exceedingly costly work left to royal commissions; where they might participate in second guessing key appointments made by the executive.

● (1540)

I have taken all this time to remind honourable senators — and remind Joe Clark's minions—of the dimensions of the net that has been thrown in this remarkable Committee of the Whole, and to say something to my friends in what some people still call the Fourth Estate of Parliament.

I have read no stories in the newspapers about what I have just been talking about. I have heard nothing on radio and drawn a blank from the tube where this entire debate on the future of the Senate is concerned. Now, I admit to eccentric habits as a reader, listener and viewer, so I asked my colleagues on this side who participated in the debate what they read, heard or saw. Not a thing, and not even the senator who hurried out to send same-day copy of his speech to the press centre.

There is nothing that we can do about that, honourable senators, beyond this lamentation that the space devoted to the granite and mahogany lobby of the Victoria Building was not saved for some account of the Senate's concerns.

That examination goes on, as do the multilateral negotiations on our fate. Each day I deal with the fear that the future of this place is valued only as a bargaining chip. It is disheartening to think that the Senate, where until this month men like George van Roggen, Arthur Tremblay and Duff Roblin have laboured so hard, is of such little value.

Better the institution be abolished than consumed in a compromise.

Some Hon. Senators: Hear, hear!

Senator Molgat: Honourable senators, I want to thank Honourable Senator Doyle for his very interesting discourse. I will read it carefully when I receive the *Debates of the Senate* and I may have further comments at that time.

Because of what is happening in the constitutional conference, it was my intention as well to speak to this motion today, but, before I do so, I wish to say I found it particularly interesting that Senator Doyle, as a former editor of the *Globe and Mail*, had such comments to make with regard to the media. I have to agree with him.

It is interesting that in the comments made by the media about the lobby of the Victoria Building not once did they say that the idea did not originate with the Senate. The idea for this originated with the Department of Public Works. It was not the senators who made that suggestion.

While I am on the subject of media treatment, it also struck me as very interesting that, when this debate was launched last February, 13 senators participated in the first day of the debate, yet the only reference to the debate by the media was to a facetious comment by one of our colleagues about Elvis Presley having appeared in New Brunswick. That is what the press covered; but nary a word about the Senate itself discussing its future and where it stood in the whole Canadian spectrum.

My first comment must be one of disappointment at what is going on at the constitutional conference. I am very disappointed as a westerner. Throughout the whole discussion, we have been told there must be compromise and there must be understanding and there must be preparedness to work for the best of Canada. In general, the people who have been at those conferences—in certain cases, premiers, and other cases, ministers—have honestly been trying to do that. There has been a great deal of compromise. We have to recognize that compromise is a two-way street. It seems to me the compromises so far have been largely to satisfy the central provinces, and, in large part, Quebec.

Please understand my position in this regard. It is certainly not an anti-Quebec position. I sympathize. As a Francophone, possibly I understand their position and their fears somewhat better.

Nevertheless, there has been a fair degree of compromise on such things as the separate status of Quebec, the distinct society. My honourable friends will know that that is not something universally acceptable in other parts of Canada. However, I think we have moved along on that.

We come now to an item of vital concern to the West—the Triple-E Senate. The West has been speaking about this constantly. Now we bog down. We find that, yesterday, the minister, Mr. Benoît Bouchard from the province of Quebec, withdrew from the discussions. Westerners will look upon that and say, "Well, come on now. Compromise must go both ways. It is not a one-way street."

You have to understand, and I suppose I am repeating what I have said before, how important this issue is to the West. The West, frankly, constantly feels that it is dominated by Ontario and Quebec. Those are the facts of life in western

Canada. That is the perception. When you look at the composition of the House of Commons, quite obviously that is it. Ontario has 100 seats, Quebec 75, my province 14, Saskatchewan 14. Our members come here and they are dominated in caucus. That is a fact of life in Canada. We have to be prepared to find some way of solving it.

We also have to recognize that Canadian diversity is with us. There will be constant tensions between our regions by virtue of their history, their make-up, their commercial interests and their trade. They have different interests. Somehow we have to find a mechanism to minimize those differences. I do not think the mechanism for doing that is federal-provincial conferences. On the contrary, those conferences increase the differences.

What can a provincial premier do, when he is on television at a federal-provincial conference, except take an absolute, hard, position for his province. If he does not do that, he is not representing his people. His job as a provincial premier is to do that. Federal-provincial conferences by their very nature will continue to raise conflicts between provinces and the federal government. They cannot do otherwise.

We have to find another mechanism in Canada to reduce those tensions, to change the situation from being a fight of province against province, or province against Ottawa. We can do that by moving it here, to the centre. The fight will remain, the discussions will continue, but it will be a fight between people who are here as federal representatives representing their province. That is why the West is so interested in having a Senate.

● (1550)

I remain convinced that the only way that the Senate will have legitimacy in the eyes of the public is if it is elected. I repeat: It is not perfection, but at least from a public standpoint it will give us political legitimacy.

What about the other two Es? I have the feeling that right now there is a tendency to insist on equality, and that we will end up, perhaps, by having equality, but we will have no power. In my view, that would be a sham. Equality by itself will not solve the problems. If this body is to be able to do its job, what we need is sufficient power to do that job. If it does not have that power, then frankly, it is a sham.

I tend to agree with Senator Grimard. If that is to be the way it is to be, then let us abolish the Senate, unless it is to be a meaningful body. We will simply be kidding the troops in saying, "Well, we have reformed the Senate and there it is."

Quite obviously, we cannot have a Senate that will be able to prevent completely the government from governing, and the House of Commons, properly elected on a population basis, from having its final say, but its final say with some conditions. It is at this point that I say it is not enough simply to give a six month veto. If all we are to have is a six month veto, after which the House of Commons passes a bill the second time, as is presently the case with respect to constitutional affairs, then that is not enough.

[Senator Molgat.]

The reason it is not enough is that the bureaucrats will simply build six months into all their plans. Whenever they prepare any kind of legislation, they will say, "We have to be aware that it might not get through until such a date, at which time the House of Commons will put it through." We must remember that in our system a government with a majority in the House of Commons is a dictatorial government, and will pass whatever it wants to pass.

I do not blame my honourable friends opposite. I have sat on that side, and I have been through it. We have had to vote very frequently like sheep. You have been forced to do that several times during this session. I do not blame you. That is the nature of the system. But we have to change that system if it is to be meaningful to Canadians.

Senator Simard: How much power?

Senator Molgat: Let us say a six month suspensive veto and then a deadlock-breaking mechanism. It is not enough simply to return the bill to the House of Commons and say, "Now you can pass it." At that point we have to build in some kind of a deadlock- breaking mechanism.

There are many ways in which we can look at that proposition. We can say that if it goes back to the House of Commons, it will require a two-thirds majority or a three-quarters majority in the House of Commons. A method I prefer is one in which the two houses vote together.

There is also something that I suggested some time ago. I know it goes against the grain in the parliamentary system, but I remind honourable senators that it exists elsewhere. It presently exists in the House of Commons for the election of the Speaker. They hold a secret ballot for the election of the Speaker. When it comes to crucial items in Portugal, for example, there are secret ballots held in its Parliament.

This is not a system that is inconceivable. It could be used when there is a real deadlock between the two houses. Let's face it, those deadlocks are not that frequent. For that kind of deadlock to occur, it has to be about a matter of major importance. I do not think you would see an elected group of senators frivolously going through that kind of an exercise simply to stymie the House of Commons. It would have to be on substantial matters because we would be very much subject to public pressure and opinion if we were elected members. We could have the mechanism of a secret ballot in conjunction with the meeting of the two houses. I throw these suggestions out.

There are many other possibilities. I simply point out that if the Senate's mandate is to be merely a deadline of six months and that is the end of it, the system will not work. We will not be able to do the job for our regions.

You people in Ontario and Quebec will not suffer; not a bit. You will keep on dominating things as you have for years. Let me tell you, the rest of the country will remain extremely unhappy. The conflicts will continue. They will probably

become aggravated. Let us find a way of reducing those conflicts, of making this house a body that truly represents the regions, not one that can stifle government, but one that can see to it that there is reasonable regional pressure with enough power to make the government sit up, take notice and conceivably change some of its legislation. I can see many cases in which we could come to an understanding and where changes could be made.

Honourable senators, that concludes my comments for now. I will read carefully what Senator Doyle had to say, after which I may have more to add.

Senator Doody: Would Senator Molgat permit a question?

Senator Molgat: Certainly.

Senator Doody: I have listened with great interest to all these various theories of Eastern, Western and Central balancing, and so on, and the domination. It seems to me that unless you change the party system, you will change nothing. In my years in public life, I cannot remember a time when Ontario and Quebec voted together as a unit on anything. They have always voted along party lines, so unless you change the party lines, you will be changing nothing. There is no point in having an equal number of senators from Alberta and from every other province unless you can devise some way of having them all vote like automatons at the click of the whip from Edmonton or St. John's or wherever. Can you explain that to me? It is at that point that I lose these arguments.

Senator Molgat: Senator Doody, I agree with you. That is the problem in the House of Commons right now. The party system prevents proper regional representation.

It would not be easy to extablish such an alternate system in this chamber either, but I go back to my earlier comments. We would have to try every mechanism possible to ensure that senators are not as bound to the party system as they presently are.

There are mechanisms, such as ensuring that they are not elected at the same time as are the members of the House of Commons. There can be very strict rules on expenditures which would enable independents to run without having to have the aid of some political party. I agree with you; we must explore every avenue to find a system that would give senators their independence.

Let's face facts now: We are appointed here. We are independent and individual -- no one can do anything to us. Yet, what happens here when we vote? We vote along party lines. It is not working out with an appointed system.

Senator Doody: How do you expect it to work in a freely elected system?

Senator Molgat: By all the mechanisms put in place to reduce the influence of parties on the system. I think we can find ways. They will not be perfect, but it cannot be any worse than it is now. I have pleaded with some of you across the way to vote with us at times on issues where I know you agree with us, yet because of party lines, you do not.

Senator Sylvain: Senator Molgat, would you answer another question, please, on the same topic?

Senator Molgat: Yes.

Senator Sylvain: If one has to run for election, one normally does not do that with one's own funds. One goes to a party to get the funds. How, then, do you separate party influence from the people who provide the funds?

Senator Molgat: That is why I say we would have to have very strict rules on expenditure. I think something that we could consider is having election expenses paid for by the state. After all, what is it that we do when we come into government? It is not for our personal gain. We are here to do a job. We are here to represent people, to make government work. Would it be so very wrong to have government pay election expenses? Party influence would be removed. Admittedly, there would have to be some limitations as to how you become a candidate and all the rest of it, but it is not an impossible mechanism.

Senator Sylvain: If the government is to pay election expenses, it has to pay them, presumably, for anyone who wants to run.

Senator Molgat: Yes.

Senator Sylvain: So if 30 people want to run in one area, then the government would have to pay 30 times the election costs for that area. I do not think that would make much sense.

• (1600)

Senator Molgat: There could be very definite limitations, such as having to obtain a certain number of signatures in order to run. Controls could be put on it. It is not an impossibility. But I repeat to you, the present system is not working. It is simply not working.

Senator Doody: There is no point in replacing it with another one that will not work.

Senator Molgat: Frankly, Canadians do not accept that we are a legitimate body. So either we make some changes or we fail to do the job.

[*Translation*]

Le sénateur Bolduc: Honourable senators, I have a question for the deputy leader of the opposition in the Senate.

Don't you think that in the kind of government we have, that is government by Cabinet, the party is the essence?

Le senator Molgat: I agree with you, Senator Bolduc, and I admire the party system. We could not function without it.

The House of Commons represents the people, but there could be another chamber to which the Cabinet would not be accountable. Cannot a chamber which cannot bring down the government be of another sort, have a regional spirit?. This is the situation here, and we cannot change that. We must find a way to preserve the regional spirit in this house, at the centre, and not transfer it to provinces which are often at odds.

So let us have a different kind of house with a minimum of partisan influence. I know that will not disappear. I have no illusions about that. We have to minimize it and insist that we will not attend our parties' caucuses. We must insist on holding regional caucuses. Mechanisms exist to do so.

As things are now, frankly, the system does not work. I am sure that you have voted for things you did not like. That must change. Senator Simard sided with us on one issue and I admired him for doing so.

You know, saying these things seems like a criticism. It is not. It is just a statement of fact. We must change the system because Canadians will not let it go on this way.

The Senate will be abolished. However, I am convinced a Senate is justified in a country like ours. There is a reason for having a Senate, because Canada is a federation with big differences between the provinces.

Senator Simard: I have a question for Senator Molgat.

I think that at the beginning of your statement, you said what compromises were necessary and that probably Westerners, like people in the other regions that have historically felt outweighed by the political clout of Ontario and Quebec in Confederation— I think that overtures were made and accepted.

I would like to ask Senator Molgat, having seen and read the reports in recent months and especially in the last week, whether he can tell us if he believes that Senate reform is the only outstanding issue.

I believe that even if Quebec is ready for a proposal from English Canada, as Mr. Bourassa has said and others have repeated, and even if the Senate issue still has to be resolved, the distinct society, the division of powers or the spending power and the aboriginal question, to name only these, still have to be settled. No agreement has yet been reached. Do you share my assessment?

I think that much more than the Senate issue is still outstanding.

I ask Senator Molgat, for one, if that is what he observed, to continue in his province and elsewhere to have western provincial representatives and others revisit this question in order to come up with a solution that would be acceptable to Quebec and other partners, like Ontario, with respect to the distribution of powers and the distinct society. As far as I am concerned, it is still up in the air.

Senator Molgat: Honourable senators, I may be mistaken, but I have the impression that great progress has been made on the distinct society and that in general things are moving forward. I thought that it would be acceptable. I must tell you that things will be very difficult if the West's position on the Senat is completely unacceptable.

As far as the West is concerned, I am convinced a compromise is possible on the Triple-E issue. Elected and effective, fine, but a compromise might be reached on the equality issue.

[Senator Molgat.]

For instance, if the four Western provinces had the same weight as Ontario and Quebec together, and the same would apply to the Maritime provinces, I think a compromise could be reached.

I don't think strict equality isn't essential. I think it is negotiable. I think there is sufficient room for a compromise.

Senator Simard: Senator Molgat is far more optimistic in his assessment of the situation than other Canadians who have heard and read the statements made in the past few days by Messrs. Getty, Filmon and Wells.

I would be delighted if his version of the facts were closer to the truth than mine.

Senator Molgat: Now that, Senator Simard, is exactly the kind of thing I find so depressing.

The first ministers of those provinces always have to keep their electorate in mind. Sometimes they have to take positions in public which may not be what they themselves would prefer. But an agreement can be reached in a set of proposals where there are items that we like, others that we like a lot less, and others we don't like at all. However, when these people are put in front of a microphone, they often have to take that kind of position.

I am still convinced that an agreement is possible, but both sides must be willing to compromise.

[*English*]

Senator Olson: Honourable senators, I received word a few minutes ago that the constitutional talks had broken off. I suppose most senators already know that. Apparently, at that stage, no decision had been reached on Senate reform. The last discussions were on a proposal by Saskatchewan for Senate reform. The essence of that proposal was that, while all provinces would have the same number of senators, the more populous ones would have more votes than the others.

I had heard earlier today that that was the proposal.Some senators would have one vote; some would have more votes, with the numbers of their votes applying differently to different situations. One point they tried to make is that, when voting on matters involving the natural resource of the province, it would be equal representation: one senator, one vote.

Senator Doody: And some would be more equal than others!

Senator Olson: In that situation they would be completely equal, but on other matters like equalization payments, and who is going to pay them, then some Senators would be more equal than others.

I am further advised that the conference participants are presently meeting to discuss what happens next. That to me is extremely important, and I made a few comments about that yesterday. I hope that the government will not simply cobble together some of the items that are on the table, such as "distinct society".

Senator Simard: What would you do?

Senator Olson: I would be very careful.

Senator Simard: You killed Meech Lake. You did the job on Quebec in 1981 and 1982. What would you do now?

Senator Olson: One of the problems we have in the Senate is that Senator Simard has the bad habit of asserting as facts things that are not true. I am not sure they are even his opinion. Facts and opinions are not necessarily the same thing.

These are the facts, if you are interested: in 1981 and 1982, the federal government did not—as the Prime Minister of today continues to assert from time to time—leave Quebec out. Quebec was there and was invited to participate all through the process. They did not sign it, I agree.

Senator Simard: Canadians know what happened in 1981 and 1982.

Senator Olson: I guess it is pretty clear to most of us who can remember that far back that the leader of a separatist party is not going to sign an agreement that will strengthen the Confederation of Canada. That does not take a lot of intelligence to understand.

• (1610)

Senator Simard: Where were you at the time of the National Energy Program? You were there. What was the weight of western Canada at the time?

Senator Olson: Which time?

Senator Simard: When the National Energy Program was designed, you, sir, and your colleagues from western Canada, like trained seals, voted for it, supported it and bragged about it. It cost your province all kinds of revenue and led to greater condemnation by the West of central Canada. Where were you?

Senator Olson: Senator Simard is doing exactly what he typically does in this chamber, over and over again. He gets up and makes a great loud assertion about believing his own propaganda.

Senator Simard: There have been other occasions since.

Senator Olson: That is unfortunate. I really did not want to get into a shouting match with Senator Simard because he obviously does not understand what went on in those days.

Senator Simard: I understand—

Senator Olson: I do not particularly care whether he does. I wonder if I could finish my little speech. I just wanted to make a little speech.

Senator Lynch-Staunton: Hear, hear!

Senator Olson: What are we to do now? Conference participants are presently meeting and discussing that situation. The federal government, as I understand it, is obliged to make a package proposal to Quebec some time soon so that the government of that province can decide whether they want to accept it or call a plebiscite for October.

Senator Simard: There is just so much garbage we can take.

Senator Olson: Everyone knows that that is what will happen. I just want to make sure that the government understands that it can accommodate only one part of the country if it follows that route. As Senator Molgat has pointed out very clearly, there are some other parts of the country that believe they have a legitimate right to have their needs considered when the package to be offered to Quebec is put together. I do not know whether that will take place as a result of a first ministers' meeting. It may well be. However, there no longer seems to be much enthusiasm on the part of the leaders of this government to have a first ministers' meeting on that particular subject.

Senator Simard: So you can criticize the 10 men or 11 persons in the group.

Senator Olson: Canadians do not want a repeat of what happened at Meech Lake, where 11 or so men and their advisors sat in a closed room until early in the morning, and then came out and said, "Here it is". I heard the Leader of the Government in this chamber say that that agreement was a seamless web, that nothing about it could be changed. I think they learned their lesson from that. I am not so much afraid of that anymore.

I want to bring these comments to a close. I hope that the government understands, from the Meech Lake experience and what has happened in the last five weeks or so of conferences, that there is a Canada from the Pacific Coast to the Atlantic Coast, and that every part of it needs to be taken into account.

The Chairman: Honourable senators, shall I report progress?

Senator Simard: Mr. Chairman, Senator Olson's last intervention leads me to ask him a question. He warns the government against calling a first ministers' conference, yet he hopes that something will take place in the next few weeks or months. He has dragged all those red herrings and has reported the legitimate concerns of western Canada. I think there would be unanimous consent to give Senator Olson another five or ten minutes, if need be.

The Chairman: No.

Senator Simard: Let me finish the question. You have only heard a part of my preamble. Senator Olson is obviously very much interested, as we should all be, in the constitutional talks led by Mr. Clark. What does he suggest that the government and all those representatives of Canadians do to resolve this? It is all very well to advance warnings and cautions, but what would you do?

Senator Olson: That is the standard answer of the Minister of Finance, the Leader of the Government and everyone else. In response to every criticism that we make of what the government does they say, "What would you do?" I would like to give a full and complete answer to Senator Simard's question.

As a matter of fact I have it ready, but I do not intend to impose it on the house at this time.

The Chairman: Honourable senators, shall I report progress and request leave to sit again?

Hon. Senators: Agreed.

The Hon. the Speaker: Honourable senators, the sitting is resumed.

REPORT OF THE COMMITTEE OF THE WHOLE

Hon. Nathan Nurgitz: Honourable senators, the Committee of the Whole, to which was referred the motion of Honourable Senator Molgat with respect to an elected Senate, reports having made some progress and requests leave to sit again.

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

Hon. John Lynch-Staunton (Deputy Leader of the Government): I move that the committee be given authority to sit again at the next sitting of the Senate.

Motion agreed to.

[*Translation*]

THE SENATE

RESEARCH FUND—STUDY COMPLETED—DOCUMENT TABLED AND PRINTED AS APPENDIX

Hon. Arthur Tremblay rose pursuant to notice of Wednesday, June 3, 1992:

That he will call the attention of the Senate to a study carried out with the help of research funds that the Senate makes available to its members.

He said: Honourable senators, the notice I gave more than a week ago said I would call the attention of the Senate to a study carried out with the help of research funds which the Senate makes available to all its members.

The intensity of the debate which just occurred on Senate reform in Committee of the Whole makes me feel that there is a great gap between the last subject and the one I want to deal with now.

On the other hand, I feel that with each day that goes by, the rule forbidding any sitting of the Senate unless there is quorum is more likely to apply: quorum is unsure and in definite danger.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Only when an hon. honourable senator raises the question.

Senator Tremblay: On that point, maybe I will not make a proposal which my deputy leader would gladly accept. However, with your permission, I will propose to table the document which I was about to read almost entirely, that is the text

[Senator Olson.]

I have prepared to explain how I used the research funds that the Senate made available to me and to present the general theme of the study conducted thanks to that fund, that is a review, or the compiling of a file, on what I call the Meech "case", from the beginning to a relatively recent date. The document I prepared describes the main points of that study.

If you prefer, and with your permission, I could table that document if you deem it read and agree to include it in our record. It could be the most elegant way of dealing with the present situation.

If you do not agree with that proposal, I will postpone until tomorrow or another day the presentation of that text, but I am in a very peculiar situation since as days go by the crucial dates are getting closer and closer.

I see no great difference in your knowing what is in that document through reading the debates or through hearing a verbal presentation of it, but I would ask you, however, to get to know the content of that document. With the permission of the Senate, that is what I would like to propose to solve both our problems, mine because I want to make sure you are aware of what that document contains and yours, since you could feel ill at ease because of the impending adjournment.

Senator Molgat: I understand very well what Senator Tremblay just said. I wonder if this does not present a problem in terms of the Rules. This issue was raised in the past: Can we, like the members of the American Congress, show up and say that we want to table a speech without ever making that speech? I believe that in the past we have assumed that nothing says this is not a rule that we should accept.

If it is not accepted as a speech that you were going to make, maybe you could say that you are tabling a report. Otherwise, there might be a problem in terms of the Rules.

Senator Tremblay: I believe that we could consider the issue from that angle, that is a kind of report.

Senator Molgat: Senator Tremblay, I wonder if there is a solution, namely that you reserve your right to present that speech orally and that we ask for a ruling from the Clerks regarding whether you can make that speech by tabling the report.

If this can be done without abusing the Rules, I am totally in agreement. I would like to see your report and I think it is important for all senators to see that document. However, we must be careful with the Rules.

Hon. Jean-Maurice Simard: Is there not a Rule which says that if there is unanimous consent among the senators present, we can do just about anything, including tabling Senator Tremblay's report and put it on record?

Senator Molgat: With the approval of the House, we can do whatever we want. However, we might be setting a precedent that could prove troublesome in the future.

[*English*]

The Hon. C. William Doody: With unanimity it does not matter. It is not a precedent that takes unanimous consent.

[*Translation*]

Senator Molgat: If that is the case, I do not object to that procedure.

The Hon. the Speaker: Honourable senators, I believe senator Molgat is right. According to our Rules, we cannot do it but, as he suggests, maybe the Clerks could find a way so that this report could be tabled with the unanimous consent of the Chamber, whether today or tomorrow morning, if you agree.

A senator's report cannot be tabled without the unanimous consent of the Chamber, as you know.

If you are in a position to give your agreement right now, this is fine with me.

[*English*]

If that is all right?

• (1620)

Hon. John B. Stewart: May I ask honourable senators if it would be possible for Senator Tremblay to ask leave of the Senate to lay the document he has in his hands on the table of the Senate? It would then be available to all senators and anyone else who may want to see it.

Senator Tremblay: It would then be part of the debates.

Hon. John Lynch-Staunton (Deputy Leader of the Government): It is important that it be reprinted in *The Debates of the Senate* and not just tabled.

Senator Molgat: Yes, that is what we are requesting.

Senator Simard: It has to be appended to the *Debates of the Senate*.

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

Hon. Senators: Agreed.

(*For text of document see Appendix "B", p. 1682.*)

The Hon. the Speaker: If no other honourable senator wishes to participate, this Inquiry is considered debated.

The Senate adjourned until Friday, June 12, 1992, at 9 a.m.

APPENDIX "A"

(*See page 1660*)

THE ESTIMATES, 1992-93

TWELFTH REPORT OF NATIONAL FINANCE COMMITTEE

Thursday, June 11, 1992

The Standing Committee on National Finance has the honour to present its

TWELFTH REPORT

Your Committee, to which were referred the expenditures proposed by the Estimates for the fiscal year ending 31 March 1993, has, in obedience to the Order of Reference of 27 February 1992, examined the said Estimates and herewith presents its interim report.

Your Committee has held eight meetings on the Estimates so far. Witnesses have included: the President of the Treasury Board and officials of the Treasury Board Secretariat; Professor Kenneth Kernaghan of Brock University; and officials of the Atlantic Canada Opportunities Agency, the Federal Business Development Bank, the Department of Finance, the Department of Agriculture, the Office of the Auditor General, the Social Sciences and Humanities Research Council, and the Privy Council Office.

Part I of the Estimates describes the government's expenditure plan, including the Expenditure Control Plan that was discussed by the Minister of Finance in his Budget of February 25, 1992. Part II, the Main Estimates, is a summary of proposed expenditures by department, agency and program. It includes several tables. The first is a General Summary of the estimates by department and agency, with 1991-92 Main Estimates amounts included for comparison. Next is budgetary main estimates by standard object of expenditure. The first nine standard objects constitute the operating expenditures of the department or agency: personnel; transportation and communications; information; professional and special services; rentals; purchased repair and maintenance; utilities, materials and supplies; and two capital expenditure items -- land and buildings, and machinery and equipment. Objects 10, 11 and 12 are respectively transfer payments, public debt charges, and other subsidies and payments. Object 13, revenues credited to the vote, is subtracted from the sum of Objects 1 to 12 to yield total net expenditures.

The proposed schedule to the Appropriation Bill lists the wording and amounts of each vote that Parliament is being asked to approve. It is followed by a list of the statutory items that are to be spent under previous authorities and are included in the Main Estimates for information only. The remainder of Part II consists of activity descriptions and tables of votes, expenditures by activity and sub-activity, and transfer payments, organized under each department and agency.

In 1992-93, for the first time, Part II does not contain a table of authorized person-years (PYs) by department. This is because person-year controls are being removed by the Treasury Board along with the introduction of operating budgets as part of the implementation of Public Service 2000. When used as a control, PY allocations establish limits on the volume of labour inputs a department may utilize. In effect, the Treasury Board exercises dual controls over most departments through the impositions of both person-year and financial limits. The withdrawal of Treasury Board PY controls is designed to focus the attention of departmental managers on the "bottom line" of overall costs and the provision of service to the public.

In 1991-92, the Treasury Board imposed person-year limits on 82 of the 118 departments, agencies and Crown corporations appearing in the Main Estimates. In 1992-93, PY controls are being discontinued for 13 departments and agencies, accounting for 27,707 PYs, that were selected as pilots for the implementation of Operating Budgets. The Treasury Board is retaining control, for a final fiscal year, over person-year authorities for 69 departments and agencies, accounting for 203,940

person-years. Operating budgets are to be implemented for all departments and agencies in 1993-94, at which time all remaining person-year controls will disappear.

According to Chapter 5, in 1993-94 and future years, departments and agencies will continue to report, in Part III of the Estimates, the details of forecast and actual utilization of both their financial and human resources. They will be accountable to Parliament for the cost effectiveness of their programs and the mix of resources they choose to deliver these programs under the Operating Budget regime. As well, the Treasury Board will continue to control the number of senior executives in each department and agency.

Each department and departmental corporation is required to prepare a Part III document under the supervision of the Office of the Comptroller General. Part IIIs provide additional details on programs, indicating in particular the results expected for the funds being requested from Parliament. A section on program effectiveness provides departments and agencies with their only opportunity to convey information to Parliament on the results of recent internal audits, program evaluations and more general program and policy reviews. While some departments provide candid, useful information on evaluation findings, the material in other program effectiveness sections tends to be quite superficial and self-serving.

Returning to the information in Part II, the 29 consolidated specified purpose accounts include the Unemployment Insurance Account and other accounts covering such diverse areas as Canadian ownership, Western grain stabilization and other agricultural payments, and insurance for fishing vessels and against ship-source oil pollution. A complete list of the accounts appears in Table 5.6 of Volume I of the *Public Accounts of Canada, 1991*. These accounts have been established in cases where enabling legislation requires that revenues be earmarked and that related payments and expenditures be charged against such revenues. The expenditures are not allocated to specific departments; instead, they appear in Part II at the end of the General Summary table as additional statutory expenditures, as well as in the standard object of expenditure table and in various tables in Part I. Expenditures for the consolidated specified purpose accounts amount to $19.934 billion, an increase of 10.0 per cent over the $18.124 billion for 1991-92. The increase is due largely to an increase of $1.6 billion in the provision for Unemployment Insurance benefits, reflecting the anticipated impact of the continuing recession on unemployment levels.

Including the consolidated specified purpose accounts and the non-budgetary items (loans, investments and advances), total proposed spending in the Main Estimates for 1992-93 amounts to $161.000 billion. Compared to 1991-92 Main Estimates expenditures of $157.903 billion, this represents an increase of 2.0 per cent. This growth calculation, like others for specific departments, agencies and programs, does not reflect the actual level of spending forecast for 1991-92. This forecast includes funds approved in the Supplementary Estimates, as well as over $5 billion of lapses and other items that actually reduced forecast 1991-92 expenditures below the amount in the 1991-92 Main Estimates (for further explanation, see the Committee's Eighth Report on Supplementary Estimates (C), 1991-92, dated March 25, 1992).

Table 2.1 in Part I of the estimates reconciles the budgetary portion of the Main Estimates with projected total budgetary expenditures in the government's fiscal plan. Budgetary Main Estimates are $160.517 billion, higher by 1.9 per cent than the $157.529 billion in the 1991-92 Main Estimates. The 1992-93 amount consists of $111.761 billion in statutory expenditures and $48.756 billion in annual appropriations to be voted by Parliament.

These components are respectively 1.1 and 3.7 per cent higher than the corresponding amounts in last year's Main Estimates.

Negative adjustments totalling $2.854 billion do not appear in the estimates but are disaggregated in Table 2.2 and explained in the adjacent text. Cuts to departmental communications and non-salary operating budgets, and rescheduling Green Plan initiatives, will save $334 million. $1.491 billion will be saved from changes in federal pension plans. Bill C-55, currently being reviewed by the House of Commons, proposes to place these pension plans on a fully funded basis, similar to those in the private sector. If passed, this bill will reduce budgetary expenditures in 1992-93 by $1.0 billion. A further $491 million is expected to be saved from the amortization of surpluses in the Superannuation account due to revised actuarial assumptions.

The proposed replacement of universal Family Allowances by new, more targeted Child Benefits programs will save $750 million in 1992-93. The Main Estimates include $279 million for contributions to countries benefiting from multilateral debt reduction initiatives. This amount has already been recorded as an expense in previous years and is therefore being subtracted from 1992-93 budgetary expenditures.

Returning to Table 2.1 in Part I, an additional $3.187 billion has been allocated to reserves for 1992-93 supplementary estimates. $1.250 billion is expected to lapse at the end of 1992-93. When the various positive and negative adjustments are applied to the budgetary Main Estimates, budgetary expenditures, also known as the fiscal framework, are expected to total $159.600 billion. This amount is only 0.4 per cent larger than the $159.000 billion fiscal framework that was projected in the 1991 Budget and the 1991-92 Main Estimates. However, as explained in the Committee's report on Supplementary Estimates (C), 1991-92, the freeze on discretionary expenditures for the last two months of 1991-92, along with other reductions and lapses, will reduce forecast budgetary expenditures for 1991-92 to $155.500 billion. The projected 1992-93 budgetary expenditures of $159.600 billion are 2.6 per cent larger than last year's forecast, and this is the source of the 2.6 percentage change that appears in Table 2.1.

Program expenditures are defined as that portion of total budgetary expenditures that is not required for interest payments on the public debt. Table 2.3 in Part I compares budgetary expenditures, public debt payments and program expenditures for the three fiscal years 1990-91 (actual), 1991-92 (forecast) and 1992-93 (Main Estimates). The 2.6 per cent increase in total budgetary expenditures consists of a 4.7 per cent increase in program expenditures (down from last year's increase of 6.1 per cent) and a reduction in public debt payments of 3.1 per cent, resulting from current and expected low interest rates.

The Budget of February 25, 1992 announced "streamlining" measures that involve the abolition, consolidation or privatization of 46 agencies. However, these measures are not reflected in the 1992-93 Main Estimates, and no projections of the associated cost reductions are presented for 1992-93 or future years. Your Committee held one meeting to review the proposed merger of the Canada Council, the Social Sciences and Humanities Research Council (SSHRC) and the international cultural and academic relations programs of the Department of External Affairs and International Trade. Dr. Paule Leduc, President of SSHRC, and other SSHRC officials appeared as witnesses to

defend the estimates of SSHRC and respond to questions on the amalgamation. Dr. Leduc is President-designate of the proposed new agency and also co-chair of a transition committee to present recommendations to the Minister of Communications on the specific details of the merger. A sub-committee of this committee is preparing draft legislation to give effect to the merger.

The 1992-93 Main Estimates of the Department of Agriculture are $2.863 billion, an increase of $974.7 million or 51.6 per cent over the Main Estimates of 1991-92. Of this total, $1.799 billion is to be voted and $1.064 billion is statutory expenditures. However, as stated in the Committee's report on Supplementary Estimates (C), 1991-92, the forecast actual 1991-92 expenditures of the department are $4.373 billion, thanks to increases totalling $2.485 billion in the 1991-92 supplementary estimates. The 1992-93 Main Estimates are therefore $1.510 billion or 34.5 per cent lower than actual expenditures in 1991-92. It is appropriate to question whether the amount in this year's Main Estimates is a reliable predictor of total expenditures for the Department of Agriculture in 1992-93 or whether substantial additional resources are likely to be requested through supplementary estimates later in the fiscal year. Controlled person-years in the department total 11,445, a net increase of 112 over last year's Main Estimates.

The major component of the increased expenditures is $1.268 billion, much of it statutory, for initiatives under the *Farm Income Protection Act*, including crop insurance, revenue insurance, the Gross Revenue Insurance Program (GRIP) and the Net Income Stabilization Account (NISA). Resources to implement these programs were included in the 1991-92 supplementary estimates. The additional expenditures are partially offset by the reduction measures in the 1991 and 1992 Budgets and by the termination of certain programs, including the Cash Flow Enhancement Program for the 1990-91 crop year, assistance to the tobacco sector, and (for a saving of $235 million) the replacement of the *Western Grain Stabilization Act* by the new *Farm Income Protection Act* programs.

The Deputy Minister and other officials of the Department of Agriculture appeared before your Committee to defend these estimates. Officials of the Office of the Auditor General appeared at the same meeting to review the accounting and program evaluation practices of the department, which were criticized by the Auditor General in Chapter 10 of his *1991 Report*.

Your Committee has completed its study of Public Service reform and the Public Service 2000 initiative and plans to present its report shortly. The Committee also reviewed the use by the Department of Finance of Section 47 of the *Financial Administration Act*. This section permits the government to borrow in the financial markets at terms less than six months after the borrowing authority granted by Parliament has been used up. The Governor in Council provides the authority for such borrowing and the government therefore need not return to Parliament to seek additional borrowing authority, even though Parliament may be sitting at the time. Your Committee may discuss the use of Section 47 in greater detail in a future interim report on the 1992-93 Estimates.

Respectfully submitted,

ROCH BOLDUC
The Deputy Chairman

APPENDIX "B"

(*See page 1677*)

THE SENATE

RESEARCH FUNDS

Honourable senators,

At the end of the day on April 30, 1987, the public was astonished when after a long and arduous process, Canada's eleven First Ministers signed the statement of principles that would be followed, one month later, by the "1987 Constitutional Accord".

That evening, I truly believed that the objective Prime Minister Mulroney had set himself during the 1984 election campaign was now within his grasp. The Prime Minister was well on his way to persuading Premier Bourassa and, through him, the Quebec National Assembly, to give his consent to the new Canadian Constitution and to persuading the Premiers of the other provinces to accept the five demands submitted by Premier Bourassa as the conditions under which Quebec would return to the "Canadian family" and leave its constitutional isolation, which dated back to the patriation of the Constitution in 1981-82.

In the weeks that followed, however, even before the final agreement was signed the initial euphoria was squelched by none other than the former Prime Minister of Canada.

He was not alone in his dissent. Many of the witnesses appearing before the Parliamentary Commission of the National Assembly appointed by Premier Bourassa to examine the proposals were also critical and sometimes quite radical in their criticism, but for entirely different reasons.

These skirmishes did not prevent Prime Minister Mulroney and his counterparts from continuing the task they had set themselves, a task it was not easy to bring to fruition. Transforming a statement of principles into an agreement duly drafted in the requisite legal terms is a slow and arduous process. At a meeting that started on June 3 and did not finish until the early hours of June 4, the eleven First Ministers managed to agree on the text of the agreement to be signed.

Although significant and necessary, the actual signing was only the first stage of the process established since 1982, when we became masters of our own Constitution and its amending process. The next and crucial stage was the formal ratification of the draft by the Parliament of Canada and by all provincial legislatures.

The First Ministers who signed the agreement assumed that this stage, the only decisive one, would be reached *before December 1988*. Such is the obvious intent of the following clause of the Accord which deals with "constitutional conferences":

> "50.(1) A constitutional conference composed of the Prime Minister of Canada and the first ministers of the provinces shall be convened by the Prime Minister of Canada at least *once each year, commencing in 1988*."

Not later than December 1988, a first constitutional conference on Senate reform would have been held, since this was to be the first

item on the agenda. *If Meech had been ratified* within the timeframe set by the parties in June 1987 ...

Of course, we know it was not.

On June 23, 1987, the Quebec National Assembly adopted the requisite resolution. The remaining legislatures now had three years to adopt similar resolutions. By June 22, 1990, two legislative assemblies still refused to give their consent. As a result, the Accord was no longer valid. This was inevitable because of the provisions of the *Constitution Act, 1982*. Even a new round of signatures obtained at the last minute from all first ministers, including those who were newly elected, and the last-ditch efforts of Mr. Mulroney were not enough to ward off this disaster.

Honourable senators,

In the circumstances, I was constantly involved, to varying degrees, in events that over the years became part of the *Meech Lake Affair*, which designates a dramatic chapter in our constitutional history.

Not surprisingly, I felt the need and even an obligation to keep a detailed record of these events as they occurred.

I was able to do so thanks to funding made available in recent years by the Senate to its members, who, as a result are able to hire

research assistants. The work carried out with their help resulted in a rather substantial document.

Instead of providing a summary, even a very brief one, I would prefer to identify the various periods that were significant in the history of Meech Lake.

The *first period* started in the fall of 1979, when the Quebec government published its White Paper on sovereignty association and tabled the referendum question in the National Assembly. It ended in December 1982, with the last exchange of letters between the Premier of Quebec and the Prime Minister of Canada. Both parties basically confirmed positions taken the year before, in the weeks following the conference in November 1981. [This is illustrated by the two following extracts from this correspondence.

> Mr. Lévesque: "--I must tell you that the Canada Bill is still no less fundamentally illegitimate and therefore unacceptable to Quebec, to the Government of Quebec and, I am convinced, to the great majority of Quebecers. It will be impossible for any government worthy of that name in Quebec to accept such a drastic and unilateral reduction of the powers of our National Assembly and to have imposed on it an amending formula that gives it no real protection for the future."

Mr. Trudeau: "As for the right to opt out (in the amending formula), you know that this principle has already been enshrined in the Constitution by guaranteeing reasonable compensation in fields related to education and culture--Nevertheless, I must tell you quite frankly at the outset that I think extending this principle to other fields is neither necessary nor desirable. Going further would encourage the progressive balkanization of the country and thus compromise its future."]

It then appeared evident that communication between the two would be cut off indefinitely. Furthermore, in late 1982, Quebec was no longer adding to Mr. Trudeau's concerns. Rather, it was the aboriginal issue, the only question for which he had put in the new Constitution the requirement to hold a first ministers' conference in the year after it was proclaimed.

With the election of a new federal government, the second period began as constitutional dialogue with Quebec resumed. Prime Minister Mulroney has the considerable and undoubted merit of taking the initiative for it and laying the foundation right in the 1984 election campaign.

As soon as Parliament opened in early November, the Speech from the Throne reaffirmed the solemn commitment that had been made in the speech in Sept-Iles and restated on other occasions:

> Ultimately such a new consensus must be reflected in the fundamental law of our land, for it is obvious that the constitutional agreement is incomplete so long as Quebec is not part of an accord. While their principal obligations are to achieve economic renewal, my ministers will work to create the conditions that will make possible the achievement of this essential accord. In this work, the cooperation of all partners in Confederation will be necessary.
>
> (Speech from the Throne, Debates of the House of Commons, November 5, 1984, p. 6)

Aware that there was a real opening, an opportunity not to be missed, Premier Lévesque soon took the step that he called the "beau risque" (risk worth taking). He explained it thus in the Quebec government's proposals for a constitutional agreement that his secretary general, Louis Bernard, personally gave the Prime Minister of Canada on May 17, 1985.

> "The Government of Quebec, which had already asked for the file to be opened, saw in these commitments an act of good faith that could lead to resumed dialogue with the hope of correcting the past and opening up the future. Since then, it has undertaken to define its attitudes and its demands and it has worked diligently at it."

That said, the Quebec government defined the context in which it saw these proposals.

> "It will be noted that these proposals fit into the federal framework of the present Constitution. They seek to improve it so that Quebecers can, if they so decide, find in it the most favourable conditions possible for their development. Needless to say, they in no way alter Quebecers' inalienable right to decide democratically on their own constitutional future--
>
> In addition to reparation for the wrongs done to Quebec in 1981, we will seek, in reopening this issue, as has been the case for nearly twenty years, constitutional structures that are as well adapted as possible to the changing reality of Quebec and Canada--
>
> Nevertheless, it is of the utmost importance to make it clearly understood that, whatever government is in place, Quebec's essential concern today as in the past is the distinct character of the Quebec people and the legitimacy of the legal and institutional instruments that flow from it."

We know the events that led to this proposed new agreement not having the desired outcome. A few weeks later, around the middle of June, Mr. Lévesque resigned as leader of the Parti Québécois and

triggered the process to find his successor. Pierre-Marc Johnson became Premier of Quebec, but held that position for only a few months before deciding that a general election had to be called, since the government had already been in office for almost its full five-year term.

When he was called to form the new government in December 1985, Premier Bourassa in turn resumed the constitutional dialogue. He did so on the basis of five conditions that he had made a key plank of his election platform. The discussions begun in 1986 finally led to the Constitutional Accord of 1987.

The events of the next three years, leading to the failure of June 1990, make up the last period we studied of the Meech affair.

Until that point, for the first two periods, our paper presents the information in the form of conversations between an interviewer, Jean-Pierre Gaboury, then a professor at the University of Ottawa, and an interviewee, myself. Researchers, in particular Robert Robert, gathered and organized an appropriate series of documents to contribute to the dialogue and make up for any gaps in a necessarily fallible memory.

A completely different approach was required for the last period, since the material to be compiled would only begin to answer the questions that must be raised to report the events.

For example, who were responsible for the failure of Meech? Why did Meech fail?

Of course, all the blame could be put on the political protagonists and their motives. Obviously, it would really be too simplistic to stop at that.

Seldom if ever do politicians, be they backbenchers or prime ministers, take a line of conduct that is unrelated to the attitudes of their constituents. Politicians do not act alone. The policies they set, the decisions they make and the behaviour they adopt are most often the result of some outside reality that influences them and governs their conduct. Their plans and ultimately their own political future depend on changing public opinion.

This phenomenon that we have rightly or wrongly taken as a postulate accounts for the kind of material we have compiled and our treatment of it. From this standpoint, we thought that the perceptions and attitudes of individuals and groups who spoke out on Meech during the three years that it was being voted on were the primary source of answers to the questions we had to raise.

Where can one find such material? We considered the positions on Meech reported in the press to be a primary source that is significant and can be handled objectively.

This is not the only media source that we could have drawn on. Radio and television may be closer to public opinion and have more influence on it. We found dealing with those media an insurmountable difficulty, although others may not; we did not have the means to do it properly.

The written press, fragmentary though it is, was the only media source we used. We found more than three thousand references to positions on Meech taken by over four hundred supporters or opponents in nearly thirty daily newspapers or magazines published inside and outside Quebec, in the summer of 1987, right after Meech was signed, and the winter of 1990, in the months before the accord was, as it were, subjected to "intensive care" with the tabling of the McKenna proposals and the creation of the Charest Committee.

A second source, opinion polls, especially those done by Gallup, helped us situate the observations made from the press in the broader framework of public attitudes to Meech.

The work ends with the observations and analyses that we try to make from these two sources of information.

Honourable senators,

When I began to prepare a file on the Meech affair quite a while ago, I had no doubt at all that I would finish long before the fateful date of June 18, 1992. Such certainty is always rash. It definitely

was in this case. Most of the chapters that we planned to write have now been written, but what remains to be done is unfortunately considerable. The final text is probably several months away. Nevertheless, I do intend to apply myself with all the required effort to carrying out the task that is still incomplete.

If you are interested and you give permission to the appropriate authorities, I will gladly submit our complete report on the Meech affair to you. We never know, but it looks like next fall, this report may help you in the thinking you will have to do then.

END

THE SENATE

Friday, June 12, 1992

The Senate met at 9 a.m., the Speaker in the Chair.

Prayers.

SENATORS' STATEMENTS

GENERAL ELECTION

NUMBER OF DAYS LEFT IN CURRENT TERM

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, I cannot let my partner proceed without the clock, so I want to remind honourable senators that the clock is still ticking. If the government of which Senator Murray is a member respects democracy, Canadians will cast their ballots within 162 days; if, in Senator Murray's words, however, the present government is cowardly and contemptuous of democracy, then the day of reckoning will be 548 days from now.

ROUTINE PROCEEDINGS

BUSINESS OF THE SENATE

ADJOURNMENT

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, with leave, and notwithstanding rule 59(1)(*h*), I move:

> That when the Senate adjourns today it do stand adjourned until Monday next, June 15, at 8 o'clock in the evening.

I might say that we have a number of first readings again today, so that next week the Order Paper will be unusually heavy. On Monday I hope to be able to give a suggested schedule of sittings for the entire week; more than likely that will include at least one evening sitting.

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

Motion agreed to.

[*Translation*]

ENERGY EFFICIENCY ACT

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-41, An Act respecting the energy efficiency of energy-using products and the use of alternative energy sources.

Bill read first time.

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

On motion of Senator Lynch-Staunton, bill placed on the Orders of the Day for second reading next Tuesday, June 16, 1992.

[*English*]

CRIMINAL RECORDS 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-71, to amend the Criminal Records Act and other Acts in consequence thereof.

Bill read first time.

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

On motion of Senator Lynch-Staunton, bill placed on the Orders of the Day for second reading on Tuesday, June 16, 1992.

[*Translation*]

STATUS OF ARTIST ACT

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-7, An Act respecting the status of the artist and professional relations between artists and producers in Canada.

Bill read the first time.

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

On motion of Senator Lynch-Staunton, bill placed on the Orders of the Day for second reading on next Tuesday, June 16, 1992.

[*English*]

OIL AND GAS PRODUCTION AND CONSERVATIONACT

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-58, to amend the Oil and Gas Production and Conservation Act and other Acts in consequence thereof.

Bill read first time.

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

On motion of Senator Lynch-Staunton, bill placed on the Orders of the Day for second reading on Tuesday next, June 16, 1992.

QUESTION PERIOD

NATIONAL DEFENCE

ADVISORY GROUP ON DEFENCE INFRASTRUCTURE —STATUS OF REPORT

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, my question is directed to the Leader of the Government in the Senate. In its 1991 defence policy the government announced the establishment of an advisory group on the closing of bases. The task of the advisory group was to indicate the best way to consolidate all the relevant factors concerning this matter in one comprehensive position. It also identified five specific areas for the group to consider.

In its conclusion the policy paper stated that the minister's advisory group on defence infrastructure would begin its work immediately and present its report to the minister in May 1992. Can the minister tell us whether the report has been presented to the minister? If so, will it be published and when may we expect it?

Hon. Lowell Murray (Leader of the Government): Honourable senators, I must confess that I have not seen the report. My clear impression is that it has been submitted to the minister and that it has been released.

Senator Molgat: I am in the same position as the minister, honourable senators. I have not seen it either, if it has been released.

Senator Murray: Among other places, I believe I saw a report in the media to the effect that one of the findings was that National Defence had been required over the years to carry too great a burden of the policy priorities of other departments, including regional disparity and questions of that kind, and consequently the Department of National Defence had not been able always to act according to its own priorities—that is to say, defence priorities.

In any case, my clear impression is that the report has been submitted. I have seen comment on it in the media. I will attempt to obtain a copy for my friend.

JUSTICE

REPORT ON RACE RELATIONS IN ONTARIO—GOVERNMENT POSITION

Hon. Peter Bosa: Honourable senators, Stephen Lewis recently produced a report on discrimination, or race relations, in Ontario. Can the honourable minister tell us whether the government is prepared to take any action concerning that matter?

Hon. Lowell Murray (Leader of the Government): Honourable senators, the report of Mr. Lewis has been submitted to the government of Ontario. As I recall, he has suggested a rather wide-ranging inquiry into race relations in the province of Ontario. I am sure we have obtained a copy of the report and that the departments of the federal government most directly interested are studying it. I am not aware, however, that that report calls upon the federal government to take any particular action.

This problem is a matter of continuing concern to us, as is evidenced by the statements made and the policies announced by, among others, the Minister of Justice and the Minister of Citizenship and Multiculturalism.

Senator Bosa: While the report was made to the province of Ontario, there is an area of responsibility that lies with the federal government. The Equity Employment Act, for example, entails selecting people for positions in order to reflect the population of Canada. Surely that is one means by which the Canadian government can do something about this situation.

Senator Murray: Honourable senators, I would argue, and I am sure the Prime Minister could demonstrate, that we have made very considerable progress in that regard during our first and second mandates as the government of Canada. I do not have the statistics in front of me, but I would be glad to provide the honourable senator with some examples by way of illustration. Some of them are in this very chamber.

ORDERS OF THE DAY

AN ACT TO AMEND CERTAIN ACTS WITH RESPECT TO PERSONS WITH DISABILITIES

BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

Hon. Consiglio Di Nino moved second reading of Bill C-78, An Act to amend certain Acts with respect to persons with disabilities.

He said: Honourable senators, I am pleased to rise and speak on this bill. It is one in which I have expressed an interest in the past. I believe that the kinds of things we legislate in this country for people who are disabled put us at the forefront in relation to other countries in these matters. Bill C-78 will continue to deal with the issues of persons with disabilities in a way which will show leadership around the world.

On May 5, 1992, the Honourable Robert de Cotret, Secretary of State and the minister responsible for the status of disabled persons, tabled in the House of Commons Bill C-78, an act to amend certain acts with respect to person with disabilities. This was a notable occasion in Canadian Parliamentary history. It represents the first time ever that Parliament was

called upon to consider a bill that focuses exclusively on the concerns of the 3.3 million Canadians with disabilities.

Through Bill C-78, the government is proposing to amend six federal statutes to remove barriers to the full and equal participation of people who have disabilities. No longer can we allow our laws to limit participation and deny our society the maximum contribution of every person.

The bill includes measures that will improve the lives of persons with disabilities in a number of priority areas: better access to the electoral process, improved access to Canada's national transportation system, equal access to citizenship, testifying in criminal courts, and access to government records and personal information in alternative formats.

Increasingly, people with disabilities in every community have been seeking and winning the right to be treated as equals. Much progress has been made in removing barriers to enable persons with disabilities to participate more fully in the community. Nevertheless, a great deal more remains to be done.

That is why, in September, 1991, Prime Minister Brian Mulroney launched the national strategy for the integration of persons with disabilities. This five-year strategy involving a financial commitment of $158 million addresses such issues as access to employment, training, housing, transportation, communication, public sensitivity, and community participation. A comprehensive review of federal legislation was identified as an important element of the national strategy. The provisions of Bill C-78 and other measures announced by the government are a result of the legislative review. They represent a further step forward to the full social and economic integration of persons with disabilities whose talents, abilities, skills, and energies represent a tremendous potential which our country cannot afford to ignore.

Bill C-78 is an important step toward ensuring that all of our laws reflect the needs, interests, aspirations, and rights of all Canadians. Citizenship is the key to participation. Bill C-78 proposes to amend the Citizenship Act to ensure that all Canadians have equal access to citizenship. The amendments would remove the word "disability" from the interpretation section of the act and a more descriptive and appropriate wording would be inserted where the term now appears.

Honourable colleagues, society must treat all persons in a similar way, if doing so does not place people at some disadvantage. In the acquisition of citizenship, people with a mental disability can, like other people, meet the residence requirements. Accordingly, it is proposed that the current ministerial provisions to waive residence requirements for persons with a mental disability be deleted from the act, thus resulting in equal treatment for these Canadians.

The most fundamental of all democratic rights, the right to vote, is sometimes restricted by factors such as polling stations or problems in receiving the kind of assistance required to mark a ballot. Moreover, the freedom to run for public office is sometimes limited for persons with disabilities. As an example, candidates with disabilities who may need the services of a full-time attendant ought not to be disadvantaged as a result of the additional costs incurred. The suggested changes to the Canada Elections Act would ensure that people with disabilities can participate fully in the electoral process.

Proposed amendments include: a requirement that polling stations and returning offices provide level access; the use of mobile polling stations to bring the vote to individuals residing in institutions; specific educational programs to help groups, such as people with disabilities, to better understand the electoral process; and, another very important one, clarification of the definition of personal expenses to include additional costs incurred by candidates with disabilities.

Travelling without barriers is one of the most central concerns of people with disabilities. Without accessible transportation, full participation in Canadian life is not possible. For this reason, Bill C-78 proposes to amend the National Transportation Act to directly acknowledge, for the first time, the importance of accessible transportation. The proposed amendment to the declaratory clause of the act would ensure that our national transportation system meets the needs of travellers with disabilities. As well, it would emphasize that access to transportation is fundamentall for all Canadians.

• (0920)

I must add, honourable senators, that as part of a statutory review of the National Transportation Act, a review commission was set up to study all aspects of the act and to make recommendations for further changes as required. This commission will also consider the remaining transportation recommendations proposed by the Canadian Disability Rights Council.

Like all citizens, persons with disabilities need to have full access to the justice system. Through proposed amendments to the Criminal Code, Bill C-78 would allow a complainant with a mental or physical disability to give testimony, in respect of certain sexual offences, from behind a screen or outside the courtroom. The rationale for this proposed amendment is to minimize the traumatic effects that testifying against a person in a position of trust or authority might present for some people with a disability.

At the same time, the Minister of Justice is committed to a review of all other proposals put forward by the Canadian Disability Rights Council. To be examined are such areas as protection of disabled persons from sexual abuse by those in positions of trust or authority; allowing disabled persons, who can, to communicate evidence without swearing an oath or promising to tell the truth; and admitting the out-of-court statement of disabled persons in spite of the rule against hearsay. In fact, this review has begun as part of a larger parliamentary review of Bill C-15 and a report is expected to be tabled in the House of Commons by the end of 1992.

Honourable senators, the availability of information contributes to an individual's ability to participate. For persons

with disabilities, having access to information in an alternative format is critical. The purpose of the Access to Information Act and the Privacy Act is to ensure Canadian citizens, permanent residents, and persons present in Canada the right of access to personal information and records held by government institutions. The policies and guidelines governing the administration of the acts, as currently worded, do not directly address the needs of persons with sensory disabilities and their ability to exercise their rights under the acts.

Accordingly, Bill C-78 proposes to amend the Access to Information Act and the Privacy Act to establish the circumstances under which access to information covered by the acts will be provided in formats such as braille, large print and audio cassette. The amendments apply to people with a sensory disability. The proposed amendments would also give persons with disabilities the right to complain to the appropriate commissioner if they have not been given access to a record or to information in an alternative format.

Taken together, these proposed statutory changes in Bill C-78 will significantly improve the lives of Canadians with disabilities. But we recognize that legislation alone is not sufficient to remove the barriers. That is why the government has announced a series of proposals affecting policies, regulations and programs associated with Bill C-78.

Treasury Board is responsible for the approval, declaration and promotion of the government Communications Policy pursuant to the direction of cabinet. The objective of the policy is to ensure the effective management of government communications. "Fair communications practices" is an important concept within the policy. "Fair communications practices" refers to the elimination of sexual stereotyping, the fair and representative depiction of people in relation to race, cultural origin and disability, and the use of special measures to reach disabled persons and other special segments of the public.

Honourable senators, while the policy currently addresses the needs of persons with disabilities, proposed revisions are designed to highlight the needs of persons with sensory disabilities with regard to provision of government information in alternative formats. These revisions are also intended to be consistent with the approach proposed for the amendments to the Access to Information Act and the Privacy Act and reflect a similar requirement for institutions to consider conversion to alternative formats. In the Communications Policy, however, the "duty to inform" is the guiding principle.

It is anticipated that the changes to the policy will be presented to Treasury Board very shortly as technical amendments since they complement its original provision. The Treasury Board secretariat will also undertake to promote the profile of the communications policy with respect to the requirement to ensure that federal government communications are sensitive to the needs of disabled persons and protective of their rights.

The broadcast media play an important role in the portrayal of, and attitudes towards, persons with disabilities. The Broadcasting Act of 1991 calls on the Canadian broadcasting industry to provide programming that will be accessible to persons with disabilities. The act indicates that the needs and circumstances of all Canadians should be taken into account by the broadcasting industry through its programming and the employment opportunities arising out of its operations. Broadcasters' actions as they relate to employment equity and closed captioning must reflect this policy objective.

The Broadcasting Act gives the Canadian Radio-television and Telecommunications Commission, the CRTC, the authority to licence all broadcasters and to make rules and regulations regarding the services they provide. As a parallel action related to Bill C-78, the government is currently examining ways in which a policy direction to the CRTC on closed captioning and employment equity could be used.

Earlier this spring, two sets of regulations under the National Transportation Act related to air transportation and personnel training were pre-published in the *Canada Gazette*. These regulations require air carriers with aircraft of 30 seats or more to provide standardized services to persons with disabilities travelling in Canada. In addition, owners and operators of terminals under federal jurisdiction will be required to provide training to their employees to provide assistance to persons with disabilities while ensuring that the dignity, safety and comfort of such persons is maintained.

One of the objectives of the Immigration Act is "to ensure that any person who seeks admission to Canada . . . is subject to standards of admissions that do not discriminate in a manner inconsistent with the Canadian Charter of Rights and Freedoms.

The Minister of Employment and Immigration will soon introduce amendments to the Immigration Act related to the medical criteria used to screen applicants seeking admission to Canada. These would include, among other things, the concern of the community of the disabled that the act discriminates on the basis of disability. These changes will be developed through continued consultation with that community.

Events have unfolded quickly in the short time since the bill was tabled. On June 2, the Secretary of State appeared before the House of Commons Standing Committee on Human Rights and the Status of Disabled Persons to discuss the bill. This was particularly appropriate because of the important role the committee plays in providing a forum for the community of the disabled and other stakeholders to clarify outstanding issues and encourage government action.

On June 4, representatives of the Canadian Disability Rights Council, CDRC, appeared before the same committee to voice the support of the community of the disabled for the measures outlined in Bill C-78.

The bill is the result of a close and effective partnership with that community. Early in the process of legislative review, CDRC was given a mandate from groups representing

people with disabilities across Canada to coordinate input to the review. Throughout the review, the Secretary of State and other departments consulted regularly with CDRC in order to identify issues of priority.

Bill C-78 is recognized by the community as a first step or, in the words of Jim Derksen, Chairperson of the Canadian Disability Rights Council, a sod-turning; a commitment to build. Someone has to turn over the ground in order to build. Removing the legislative barriers facing persons with disabilities cannot be done overnight; it is a building process.

As we all know, the process of developing legislation in a parliamentary system is complex. It is significant that in the relatively short period of just eight months a consensus was arrived at for some important amendments and that these are now before us in the Senate. Granted, Bill C-78 does not include the full range of amendments proposed by the CDRC. However, the work undertaken in developing this bill, both by government and the community, has developed opportunities for further reform.

I would ask my honourable colleagues to heed the words of the Secretary of State that the government's work will not stop with Bill C-78. In fact, the bill underscores the government's commitment to further legislative reform.

I urge all honourable senators to support the speedy passage of this bill and the momentum which has been developed in addressing the quality rights of persons with disabilities.

Hon. Noel A. Kinsella: Honourable senators, would Senator Di Nino permit a question for clarification?

Senator Di Nino: Certainly.

Senator Kinsella: In the latter part of your excellent speech you drew our attention to planned amendments to the Access to Information Act. You advised us that you expected the Minister of Immigration to come forward with amendments to the Immigration Act and that other amendments would be introduced.

Are we to understand that while the 3.3 million Canadians who are specially challenged by various disabilities can see this legislation as an excellent step forward, the legislation does not obviate the necessity of making the desired amendments to the Human Rights Act?

Senator Di Nino: That is a complex question because it does require the need to address a number of issues.

The legislation continues to build on the things that have been done in the past couple of decades by our government, as well as other levels of governments, first, in recognizing the fact that there is a very large number of Canadians who, because of some physical or mental disability, do not have the same opportunity to enjoy the rights and freedoms of Canadian citizenship.

For the first time in history and in a Canadian Parliament, we have been able to put together a set of initiatives which are specifically designed and directed at addressing the needs of the disabled. A number of acts are being changed to reflect the intent of the federal government. Although I have not seen the final results, I understand that a number of changes are being planned and discussed at the present time to the Immigration Act to conform to the intent of this government to ensure that we expand on the need to recognize and address the issues facing those 3.3 million Canadians who are specially challenged in some way. The Charter of Rights and Freedoms is one of the key pieces of legislation which reflects the need for us to be able deal with these issues.

● (0940)

I am not sure that I fully and totally answered your question. The Government of Canada is certainly taking a major step forward with this legislation and with the recognition that words are not enough, that some action has to be taken. I hope that this major step is but the first of many, and that it will lead to a number of changes in the months and years ahead so that we can truly give meaning to the words "full and equal accessibility to all of the services that Canadians deserve."

Hon. Brenda Robertson: Senator Di Nino, there are two groups with which I am concerned. I am particularly concerned about those citizens who are confined to wheelchairs, and the growing number in our seniors population who, as their age increases and as minor disabilities evolve, have difficulty with stairs. Those are my concerns and I will explain how they relate to your bill.

At one time or another, those of us who travel a lot have to use one-level airports. Very few of those airports— only one or two that I have seen—have ramp access to aircraft. Citizens who are confined to wheelchairs are generally hoisted up to the entrance level like a piece of luggage. I find it terribly embarrassing and frustrating whenever I see this happening. Seniors with problems also have difficulty getting in and out of aircraft when there is no ramp.

In your legislation, Senator Di Nino, is there any particular reference to the requirements of airports to provide first-level ramp services? If there is, then is there a time frame within which they must comply? I believe this is an issue that requires attention. I hope it will not be ignored for any period of time.

Senator Di Nino: Let me try to answer your concerns by referring to the comments that I made when referring to the National Transportation Act. Two sets of regulations were prepublished in the Canada *Gazette* this spring which address two issues: One, aircraft with 30 or more seats are required to provide standardized services to persons with disabilities. That refers to the actual aircraft itself, including the training of personnel, and the ability to properly service those in wheelchairs, principally, although other people with disabilities would also be covered. In addition, we are talking about owners and operators of terminals that come under the federal jurisdiction being required to provide training to their employees on assisting persons with disabilities.

Specifically dealing with ramps, I cannot answer that question. However, I will undertake to look at the details of the legislation and attempt to respond at the next opportunity.

Senator Robertson: Senator Di Nino, I listened carefully when you referred to those regulations earlier in your remarks. I suspect that those regulations do not apply to ramping. I personally believe that ramps have to be considered at the earliest opportunity. I know that it is an expensive approach, but hoisting people around is not satisfactory, as I am sure most Canadian citizens would agree.

On motion of Senator Molgat debate adjourned.

THE ESTIMATES, 1992-1993

REPORT OF NATIONAL FINANCE COMMITTEE ON MAIN ESTIMATES ADOPTED

The Senate proceeded to consideration of the twelfth report of the Standing Senate Committee on National Finance (Main estimates—1992-93), which was presented in the Senate on June 11, 1992.

Hon. Roch Bolduc: Honourable senators, in moving the adoption of this report, I wish to tell you that your committee has held eight meetings so far to examine various aspects of the 1992-93 Main Estimates. The President of the Treasury Board provided an overview of the expenditures in the Estimates, and he and his officials responded to questions ranging over the spectrum of government departments and agencies. Professor Kenneth Kernaghan of Brock University, who has written extensively on the Public Service and other aspects of Canadian public administration, was the final witness for the committee's study of Public Service reform and the Public Service 2000 initiative.

The committee began its study last fall under its reference to examine the 1991-92 Estimates, and we plan to present our findings and recommendations in a separate report in the near future. We also expect to undertake another major study under the current reference, but the subject has yet to be decided by the committee.

[*Translation*]

In the budget of February 25, 1992, the government announced that the Social Sciences and Humanities Research Council would be merged with the Canada Council and that the new organization thus created would also absorb the international cultural and academic relations programs of the Department of External Affairs and International Trade. The Committee asked Paule Leduc, president of the SSHRC, to defend her council's budget estimates and answer questions about the merger. Dr. Leduc is also the designated president of the new agency resulting from the merger and co-chair of a transition committee that is developing recommendations on the structure of the new agency for the Minister of Communications.

Finally, the Committee is also preparing a bill that hon. senators will have an opportunity to consider later.

[*English*]

The Deputy Minister and other officials of the Department of Agriculture appeared as witnesses at another meeting. As honourable senators will recall, your committee has reported previously that the expenditure of the department increased by 130 per cent during the 1991-92 fiscal year as a result of major increases in appropriations and statutory payments that were approved in all three sets of Supplementary Estimates. The 1992-93 Main Estimates of the Department of Agriculture are $2.863 million, which is 51.6 per cent higher than the amount approved in the Main Estimates for 1991-92. The report provides further details on the components of this increase.

The Deputy Minister indicated that heavy subsidization of grain prices by the European Community and the United States would continue to affect Canadian grain farmers adversely. However, because the new program structure now in place is designed to be self-sustaining, it should not be necessary for the Department of Agriculture to return to Parliament to request large additional appropriations in the current fiscal year.

Officials of the Office of the Auditor General appeared as witnesses at the same meeting in connection with Chapter 10 of the Auditor General's 1991 report, which was critical of some of the accounting and program evaluation practices of the Department of Agriculture. Your committee feels strongly that that department should evaluate its major spending program on a regular basis and provide full information on the evaluation results to Parliament.

[*Translation*]

With the help of the requisite witnesses, the Committee also examined the estimates of the Atlantic Canada Opportunities Agency, the Federal Business Development Bank, the Honours Directorate of the Governor General's Office and the Public Debt Program of the Department of Finance. In fact, we were particularly interested in the use made by the Department of Finance of Section 47 of the *Financial Administration Act*, under which the Governor in Council provides the authority for additional short-term borrowing after the borrowing authority granted by Parliament has been used up. This point may be discussed in a future report.

Our interim report consists mostly of a summary and explanation of the government's general expenditure plans, as described in Parats I and II of the Main Estimates. I would recommend that honourable senators read this report because it contains much useful information presented in a manner that is both clear and concise.

Thank you, honourable senators.

Motion agreed to and report concurred in.

The Senate adjourned until Monday, June 15, 1992 at 8 p.m.

THE SENATE

Monday, June 15, 1992

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

Prayers.

SENATORS' STATEMENTS

GENERAL ELECTION

NUMBER OF DAYS LEFT IN CURRENT TERM

Hon. Royce Frith (Leader of the Opposition): Honourable senators, the election clock is ticking as follows: The democracy respecters have 159 days before the election, and the contemptuous- of-democracy cowards have 545—both of the foregoing definitions, of course, being Senator Murray's.

"REFERENDA" OR "REFERENDUMS"?

LINGUISTIC CLARIFICATION

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, on Wednesday last, during debate on Bill C-81, the Leader of the Government made the following statement:

> By the way, speaking of technical flaws, the Deputy Leader of the Government . . . tells me that the word "referenda" is incorrect, that referendum is one of those Latin words that do not take a plural. Indeed, the use of the word "referendums" in the title of the bill is incorrect.

Senator Frith: Now we are going to hear from the Latin scholar.

Senator Lynch-Staunton: Honourable senators, I wish to clarify, with or without his leave, my Leader's statement, which is partly incomplete and partly in error—

Hon. Senators: Shame, shame!

Senator Frith: Say it is not so.

Senator Lynch-Staunton: —no doubt because he could not hear my whispering over the rhetorical ruminations of Senator Olson, whose oratory was flowing generously at the time.

Thanks to information provided by the Classics Department of Carleton University and the Translation service of the Senate, I am pleased to submit the following:

> The Latin plural of referendum is referenda.

As for the use of Latin plurals in English, one can read the following in Fowler's Dictionary of Modern English Usage:

> All that can safely be said is that there is a tendency to abandon the Latin plurals, and that, when one is really in doubt which to use, the English form should be given the preference.

[*Translation*]

As for the French usage, I quote from Maurice Grevisse's work *Le Bon Usage:*

> Some foreign nouns remain invariable. Others keep the plural of their language of origin, possibly with some variation. Foreign plural forms are easier to accept for nouns that designate only foreign realities. In many cases, we find two usages, and we can consider borrowed plural forms to be a needless luxury and often pedantic.

[*English*]

So "referendums" et "référendums" it is.

Honourable senators, I trust that this minimum of explanation, which to some, I admit, may be only trivia and minutiae, settles the matter once and for all so that it need not be discussed ad infinitum.

Hon. Philippe Deane Gigantès: Honourable senators, since the Deputy Leader of the Government has so generously helped me, a classicist, by correcting his leader, would he also tell his leader that one does not say "fora", which he has repeatedly said, thereby offending Grevisse, offending Fowler, and making my teeth grit.

ROUTINE PROCEEDINGS

SCOTIA SYNFUELS PROJECT

THIRD REPORT OF ENERGY, THE ENVIRONMENT AND NATURAL RESOURCES COMMITTEE TABLED

Hon. Dan Hays: Honourable senators, I have the honour to table the third report of the Standing Senate Committee on Energy, the Environment and Natural Resources.

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

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

ELECTORAL BOUNDARIES READJUSTMENT SUSPENSION BILL

REPORT OF COMMITTEE

Hon. Nathan Nurgitz, Chairman of the Standing Senate Committee on Legal and Constitutional Affairs, presented the following report:

MONDAY, June 15, 1992

The Standing Senate Committee on Legal and Constitutional Affairs has the honour to present its

FIFTEENTH REPORT

Your Committee, to which was referred the Bill C-67, An Act to suspend the operation of the Electoral Boundaries Readjustment Act, has, in obedience to the Order of Reference of Thursday, May 14, 1992, examined the said Bill and now reports the same without amendment.

Respectfully submitted,

NATHAN NURGITZ
Chairman

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

On motion of Senator Lynch-Staunton, bill placed on the Orders of the Day for third reading at the next sitting of the Senate.

CORRECTIONS AND CONDITIONAL RELEASE BILL

REPORT OF COMMITTEE

Hon. Nathan Nurgitz, Chairman of the Standing Senate Committee on Legal and Constitutional Affairs, presented the following report:

MONDAY, June 15, 1992

The Standing Senate Committee on Legal and Constitutional Affairs has the honour to present its

SIXTEENTH REPORT

Your Committee, to which was referred the Bill C-36, An Act respecting corrections and the conditional release and detention of offenders and to establish the office of Correctional Investigator, has, in obedience to the Order of Reference of Tuesday, June 2, 1992, examined the said Bill and now reports the same without amendment. Respectfully submitted,

NATHAN NURGITZ
Chairman

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

On motion of Senator Lynch-Staunton, bill placed on the Orders of the Day for third reading at the next sitting of the Senate.

AIRPORT TRANSFER (MISCELLANEOUS MATTERS) ACT

BILL TO AMEND—REPORT OF COMMITTEE

Hon. Donald H. Oliver, Chairman of the Standing Senate Committee on Transport and Communications, presented the following report:

Monday, June 15, 1992

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

EIGHTH REPORT

Your Committee, to which was referred the Bill S-11, An Act to amend the Airport Transfer (Miscellaneous Matters) Act, has in obedience to its Order of Reference of Wednesday, June 3, 1992, examined the said Bill and reports the same without amendment.

Respectfully submitted,

DONALD H. OLIVER
Chairman

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

On motion of Senator Oliver, bill placed on the Orders of the Day for third reading at the next sitting of the Senate.

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-70, to amend the Criminal Code (jury).

Bill read first time.

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

On motion of Senator Lynch-Staunton, bill placed on the Orders of the Day for second reading on Wednesday, June 17, 1992.

[*Translation*]

NORTHWEST TERRITORIES WATERS BILL

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-51, an Act respecting water resources in the Northwest Territories.

Bill read first time.

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

On motion of Senator Lynch-Staunton, bill placed on the Orders of the Day for second reading on Wednesday, June 17, 1992.

[*English*]

YUKON WATERS BILL

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-52, respecting water resources in the Yukon Territory.

Bill read first time.

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

On motion of Senator Lynch-Staunton, bill placed on the Orders of the Day for second reading on Wednesday next, June 17, 1992.

[*Translation*]

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-49, an Act to amend the Criminal Code (sexual assault).

Bill read first time.

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

On motion of Senator Lynch-Staunton, bill placed on the Orders of the Day for second reading on Wednesday, June 17, 1992.

[*English*]

ENERGY, THE ENVIRONMENT AND NATURAL RESOURCES

NOTICE OF MOTION TO AUTHORIZE COMMITTEE TO MEET DURING SITTING OF THE SENATE

Hon. Dan Hays: Honourable senators, I give notice that at the next sitting of the Senate, I shall move:

> THAT the Standing Senate Committee on Energy, the Environment and Natural Resources have power to sit at three thirty o'clock in the afternoon on Tuesday, June 16, 1992, and on Wednesday, June 17, 1992, even though the Senate may then be sitting, and that Rule 96(4) be suspended in relation thereto.

JUSTICE

ELIMINATION OF RACISM—NOTICE OF INQUIRY

Hon. Noel A. Kinsella: Honourable senators, I give notice that I will call the attention of the Senate to steps that can be taken for the elimination of racism and all forms of racial discrimination and the setting in place across Canada of a common standard of zero tolerance for racism under any of its ugly guises.

GOODS AND SERVICES TAX

PRESENTATION OF PETITIONS

Hon. Royce Frith (Leader of the Opposition): Honourable senators I have some petitions from New Brunswick, Ontario and Quebec, all asking for the repeal of the Goods and Services tax and for an immediate election.

The petitions from New Brunswick are from Anse Bleue, Bas Caraquet, Caraquet, Le Goulet, Maisonnette, Moncton, Paquetville, and Shippigan.

The petitions from Ontario are from Kapuskasing, Timmins, and Val Rita.

The petitions from Quebec are from: Baie Comeau, Bury, Candiac, Danville, Dollard-Des-Ormeaux, Farnham, Henryville, Hudson, Ile Perrot, La Patrie, Lasalle, Laval, Longueuil, Montreal, St. Jérome, St. Sophie, St. Christine, Sabrevois, Sawyerville, Scotstown, and Valleyfield.

As to the number of petitions, there were 17 from Quebec, for a total of 351; four from New Brunswick, for a total of 78 names; and two from Ontario, for a total of 40 names. Total petitions 23; total names, 469.

[*Translation*]

Hon. Jacques Hébert: Honourable senators, I have the honour to present petitions signed by 195 residents of the province of Ontario who object to the goods and services tax. Most of these petitions are from Downsview, Don Mills, Toronto, Scarborough and Willowdale.

Honourable senators, I also have the honour to present petitions signed by 256 residents of the province of New Brunswick who object to the goods and services tax. Most of these petitions are from Fredericton.

Finally, honourable senators, I have the honour to present petitions signed by 74 residents of the province of Ontario who object to the goods and services tax. Most of these petitions are from Toronto, Sudbury and Mississauga.

Honourable senators, we have a total of 535 Canadians probably who speak for millions of Canadians who are indignant about this legislation that is so unfair, especially as it applies to books and periodicals.

[*English*]

MONTREAL BOARD OF TRADE AND CHAMBER OF COMMERCE OF METROPOLITAN MONTREAL

PRESENTATION OF PETITION

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, I have the honour to present a petition from the Montreal Board of Trade and the Chamber of Commerce of Metropolitan Montreal, in the City of Montreal, in the Province of Quebec, praying for passage of an act to amalgamate the Montreal Board of Trade and the Chamber of Commerce of Metropolitan Montreal.

QUESTION PERIOD

INDIAN AFFAIRS

RESPONSIBILITY FOR SOCIAL ASSISTANCE TO INDIANS IN URBAN CENTRES—GOVERNMENT POSITION—REQUEST FOR ANSWER

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, my question is to the Leader of the Government. On June 3, I asked him some questions regarding the withdrawal of federal government support of social welfare to Indians off reserves. I pointed out that this measure had a particularly bad effect on two provinces, Saskatchewan and Manitoba. The minister at that time gave me a reply, but he added:

> That is the statement that I will make for today. I can and will bring in a more detailed report within a couple of days.

I wonder if he has that report now, because this matter is creating considerable problems for municipalities in at least the province of Manitoba.

Hon. Lowell Murray (Leader of the Government): Honourable senators, I do not have that information today. I am awaiting a report from the responsible minister.

Senator Gigantès: There are responsible ministers?

NATIONAL DEFENCE

CLOSURE OF MILITARY BASES—GOVERNMENT POLICY

Hon. Royce Frith (Leader of the Opposition): Honourable senators, I have a question for the Leader of the Government in the Senate. Can he give us a report this week, if possible, on the government's progress with respect to its intention to close some of the 37 military bases in Canada as an expense-cutting measure?

• (2020)

Hon. Lowell Murray (Leader of the Government): Honourable senators, I am not aware that any decision has been taken in that regard.

Senator Frith: Could you let us know, please?

COPYRIGHT

STATUS OF PROPOSED LEGISLATION

Hon. Lorna Marsden: Honourable senators, I wonder if the Leader of the Government in the Senate could tell us the timing of forthcoming amendments to the Canadian Copyright Act which have been promised for almost as long as I have been here?

[Senator Lynch-Staunton.]

Hon. Lowell Murray (Leader of the Government): Honourable senator, I shall consult my colleague and report.

FISHERIES AND OCEANS

FRANCE—FISHING RIGHTS IN CANADIAN TERRITORIAL WATERS—STATEMENT OF MINISTER ON COURT DECISION — REQUEST FOR TABLING OF INFORMATION

Hon. John B. Stewart: Honourable senators, on Thursday last, in response to a question I had asked, the Leader of the Government in the Senate reported to us certain comments made by the Honourable Mr. Crosbie concerning the decision of the court relating to the claims by France of certain fishing rights in Canadian waters. Can the minister give the Senate any guidance as to when an assessment by the government of the implications of that decision will be available?

Second, will the Leader of the Government in the Senate table copies of the decision of the court, together with any dissent that may have been made to that decision?

Hon. Lowell Murray (Leader of the Government): Honourable senators, in reply to the last question, yes, I will table the decision. There were, as the honourable senator has implied, dissenting opinions registered at the time. Mr. Crosbie has not indicated when a full analysis of that decision will be available, but I shall enquire of him on that matter.

PENITENTIARIES

REQUEST FOR REVIEW OF GOVERNMENT POSITION ON INQUIRY INTO INCIDENT AT SASKATCHEWAN PENITENTIARY

Hon. Earl A. Hastings: Honourable senators, my question is for the Leader of the Government in the Senate. It pertains to a question I raised in the Senate with respect to an incident at Saskatchewan Penitentiary. I asked the minister to give consideration to a judicial inquiry into that event. The minister's response was to the effect that a coroner's inquest had taken place, and therefore he saw no need for any further investigation.

I remind honourable senators that the coroner's investigation confined itself simply to who dies, how they died and where death occurred. The coroner's inquest did not address itself to recklessness, negligence or bad judgment with respect to that incident.

In our consideration of Bill C-37, we now have the report of the correctional investigator who explained four grave concerns he had with respect to the incident. His report states:

> The Board of Investigation Report into this incident is narrowly focused and inconclusive.

Now we have two reports, honourable senators—the correctional investigator and the coroner's jury—both of which were narrowly focused. Neither of them has addressed the question of negligence or bad judgment in respect to the incident.

I wish to tell the honourable minister that there is an ongoing feeling in the community that the concerns expressed by the John Howard Society must be addressed. There is an additional need that the concerns expressed by the correctional investigator must be addressed. I am asking the government leader if he would bring these concerns to the attention of his colleague, the Solicitor General, and recommend that a judicial inquiry take place where these statements can be made under oath and subjected to cross-examination, and not simply be made in a reckless fashion by those who have the most to gain by non-disclosure.

Hon. Lowell Murray (Leader of the Government): Honourable senators, yes, I will take the honourable senator's question as a representation and convey it to Mr. Lewis.

THE ECONOMY

RECONCILIATION OF ECONOMIC FACTORS—REQUEST FOR CLARIFICATION OF STATISTICS

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, I have a follow-up question to the minister on a matter to which he promised to provide an answer to us, in response to a series of questions by Senator Olson on June 4. The minister was quoting from his "Good News" black book that he carries around with him. It consists of some rather interesting, one-sided statistics, I might say.

● (2030)

I asked him a question then regarding one statistic that he had quoted concerning the figures about business confidence. He said that it had increased by 16.1 per cent in the first quarter of 1992, in spite of the great increase in bankruptcies. His precise words were:

> I will obtain for the honourable senator a technical statement of exactly what the components of business confidence are and how it is measured.

I wonder if the minister has been able to find that information.

Hon. Lowell Murray (Leader of the Government): I do not have it tonight, honourable senators, but I will be glad to urge my colleagues to come forward at an early date with that information.

THE CONSTITUTION

BEAUDOIN-DOBBIE REPORT—STATEMENTS OF MINISTERS—GOVERNMENT RESPONSE

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Could the Leader of the Government please tell me how his research is progressing on the speeches defending Canada given by Ministers Masse and Bouchard in particular? He promised me that he would do some in-depth research on the matter, and he was sure there were many instances where that had occurred. However, I am still waiting for that information.

Senator Murray: Honourable senators, I do not think it is quite accurate or fair to say that I undertook to do any in-depth research on the matter; I do not have time for that.

As I indicated to the honourable senator—

Senator Molgat: But it was so easy to find, you said.

Senator Murray: Well, honourable senators, there have been many comments made of the kind that my honourable friend would have these ministers make in the course of their weekend interviews and speeches in their own constituencies and elsewhere in Quebec and in the country. Some of these are reported; some of them are not.

Unfortunately, as the honourable senator knows after a long career in public life, it is frequently the good news that is ignored by the media. I expect that this has been all too frequently the case with the comments of my colleagues.

As I indicated to the honourable senator, when I have compiled a sheaf of press clippings and other transcripts that I think would be of interest to him I will be glad to send it to him.

Senator Molgat: Thank you very much.

DELAYED ANSWERS TO ORAL QUESTIONS

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, I have the answer to a question asked on June 1, by Senator Kenny, regarding the forwarding of personal baggage on airlines, and the answer to one asked on June 2, by Senator Grafstein, regarding the acceleration of the job creation process.

TRANSPORT

AIR SAFETY—FORWARDING OF PERSONAL BAGGAGE ON AIRLINES—GOVERNMENT POSITION

(Response to question raised by Hon. Colin Kenny on June 1, 1992.)

> A legislated requirement exists in Canada for a passenger baggage match system to be in place on all international flights in order to prevent the transportation of checked baggage belonging to someone who is not on board the aircraft.
>
> The normal low level of threat to Canadian domestic flights does not warrant the imposition of this security measure and the consequent disruption to the travelling public that would result. Additional security measures on domestic flights, including passenger baggage match, are imposed for cause.

EMPLOYMENT

ACCELERATION OF JOB CREATION PROCESS—GOVERNMENT POSITION

(Response to question raised by Hon. Jerahmiel S. Grafstein on June 2, 1992.)

The federal government's economic strategy to bolster recovery was outlined in the February 1992 Budget. That strategy emphasizes private sector activity to stimulate recovery.

The government took action to bolster private sector activity. Both personal and manufacturing taxes were reduced. Home buyers are being allowed to use their RRSPs tax free to buy or build a home. R&D incentives were enriched.

In his Budget speech, Finance Minister Mazankowski acknowledged the importance of adequate infrastructure and noted that the federal government was working with the private sector and the provinces to develop airport infrastructure, to build a fixed link to P.E.I. and to upgrade the National Highway System. These initiatives are proceeding.

History has clearly taught us that advancing capital spending is not the answer to stimulating economic recovery in the short term. The federal government tried it in 1981-1982 and it did not work. The Ontario provincial government tried it in 1991 and it did not work. The lead time of capital projects is too long.

Furthermore, the government firmly believes that it is not possible to spend the country out of the recession. Fiscally irresponsible spending policies of just this sort in the past have left Canada with an excessive debt burden.

Government capital spending plans reported in the 1992-93 Estimates amount to $5.1 billion. Of this amount, $2.8 billion is for defence capital spending. Spending plans for 1993-94 are of the same magnitude.

The government is proceeding with the capital projects that are justified by economic need and fiscal prudency.

ROUTINE PROCEEDINGS

INTERNATIONAL HEART HEALTH CONFERENCE

MEETING HELD IN VICTORIA, BRITISH COLUMBIA—NOTICE OF INQUIRY

Leave having been given to revert to Notices of Inquiries:

Hon. Wilbert J. Keon: Honourable senators, I give notice that on Wednesday next, June 17, 1992, I will call the attention of the Senate to the International Heart Health Conference held on May 28, 1992, in Victoria, Canada.

[Senator Lynch-Staunton.]

ORDERS OF THE DAY

AN ACT TO AMEND CERTAIN ACTS WITH RESPECT TO PERSONS WITH DISABILITIES

BILL TO AMEND—SECOND READING

On the Order:

Resuming the debate on the motion of the Honourable Senator Di Nino, seconded by the Honourable Senator Robertson, for the second reading of Bill C-78, An Act to amend certain Acts with respect to persons with disabilities.

Hon. Lorna Marsden: Honourable senators, I should like to congratulate Senator Di Nino for his presentation of the bill at the last sitting of the Senate. I apologize for having to delay my comments until today, but I could not be here last Friday.

Senator Di Nino presented this bill concerning people with disabilities in an accurate way. I say that his presentation was accurate because he made only the most modest claims for this legislation. He described it in his conclusions in the same way as the Canadian Disability Rights Council has done, namely, as a sod-turning—in other words, a very preliminary step toward increasing the equality of people with disabilities in Canada.

Even though he was very modest, public commentators have not been so kind. The *Toronto Star*, for example, under a headline: "Government turns its back on disabled," described it this way:

> Sweeping changes were called for by the disabled community. Elaborate promises were made by the government but the law itself is a joke. The government failed to deliver. Nobody takes it seriously.

The *Ottawa Citizen* was not any more kind—in fact, perhaps even less kind. They described it as "pathetic and as a pale and sickly shadow of the draft bill produced by the Canadian Disability Rights Council".

Honourable senators, it is the government's sod-turning on this issue and it is one that is in the right direction and we welcome it. In particular, the section on the Canada Elections Act, which addresses the problems that people with disabilities have both as voters—that is, in access to the polls—and as candidates with special financial obligations have been addressed in this bill.

But the rest of the bill is far from satisfactory. In Canada we do not often find glowing things to say about actions taken in the U.S.A. on social issues. But on this matter the Americans are far ahead of us. In the bill which took effect last January in the U.S.A. there are many superior provisions for people with disabilities, and Canadians, by contrast, will suffer in a number of significant areas.

I do not propose to go over all aspects of this bill, which have been dealt with quite exhaustivly in the other place and which we, in turn, will deal with in committee, but I should like to draw your attention to three aspects of the bill.

The first concerns transportation. As you know, this bill makes only one change to the National Transportation Act, and it is a very general one. It adds the words "access to persons with disabilities" to the preamble of the act as a description of the transportation system.

There is nothing more specific on it than that, although the exchange between Senator Di Nino and Senator Robertson during the last sitting of the Senate indicated that there is a lot of concern about people who travel by air.

But, honourable senators, I should like to join with a member of Parliament in the other place who pointed out that the majority of people, particularly people on low incomes—and most people with disabilities are in that unfortunate situation —do not travel by air, but by bus, and that bus transportation in Canada has managed to escape all the implications of anything that governments—this one or previous ones—have done up to now.

The Canadian Disability Rights Council testified that the bus industry has taken advantage of the problem of jurisdiction over transportation to escape the regulating of access altogether. Yet we all know that buses go between rural communities and big cities and a great many people with disabilities have no option to travel by airplane, even if they should want to do so.

There is a further irony in this legislation. That may be a kind way of describing it. There is a major difficulty with it. We all know that the technology to make buses accessible to people with disabilities has been available for a long time, but Canada lags way behind other countries, and particularly behind the U.S., in creating accessibility to bus transport.

The United States Department of Transportation announced recently that all new intercity buses purchased after 1993 must be fully accessible. Many senators will know, particularly Manitoba senators, that many of those buses for the U.S. market are made in Winnipeg. So in fact the "accessible" buses—if I may describe them that way—are being made in Winnipeg and sold into the U.S. Meanwhile, non-accessible buses are being sold in Canada. Furthermore, there is a fear being expressed in various places that after 1993, the U.S. will dump their no-longer-suitable, inaccessible buses back on to the Canadian market.

● (2040)

Honourable senators, this is an area which one assumes could very easily have been dealt with in this bill. We will certainly be asking witnesses appearing before the committee why that was not dealt with, and what the time frame will be for dealing with that matter. That is an issue of significant importance to people with disabilities, and one that I hope we can deal with.

There is another matter with regard to which we suffer by comparison with the U.S.A. That has to do with access to broadcasts, and especially television, for people who are deaf. There are 260,000 deaf people in Canada and, in addition, 1.5 million people who are hard of hearing. Everyone here has watched American television and seen closed captioning. Indeed, closed captioning is available in this country to assist those who are hard of hearing in gaining access to this very popular medium.

It is possible to have a decoder chip built into television sets which makes closed captioning available to a large segment of the public. We are told that this decoder chip costs the manufacturer about five cents. However, people in Canada who are hard of hearing have to spend between $80 and $200 for a decoder box. In the U.S.A., legislation requires manufacturers to include such chips in television sets. That is not the case in Canada. As in the case of bus transportation and many other issues, this is a matter on which nothing will be done unless there is legislation because of the competitive disadvantage that otherwise exists. It is therefore essential to have the matter of closed captioning legislated under the Broadcasting Act, but no reference to any such matter appears anywhere in this bill.

Let me conclude with one more example: This one is not a comparison to the U.S.A., but it is a very serious matter. It is a matter with which this Chamber has occupied itself time and time again, and no doubt we will continue to do so for many years to come. I am referring to the matter of assault, especially sexual assaults, on people with disabilities.

The Canadian Disability Rights Council testified that disabled people are up to ten times more likely that people without disabilities to be assaulted or sexually assaulted. People with disabilities are extremely vulnerable, but very often the abuser is not charged because of the difficulties experienced by disabled persons in testifying before courts. Therefore, many people who assault the disabled in our society get away with their crimes because the victims are too vulnerable to testify.

This is a matter which should have appeared in amendments to the Criminal Code concerning giving evidence. However, the recommendations made by the Canadian Disability Rights Council on this matter have been ignored. For example, the council recommended an exception to the hearsay rule that would allow a third party, such as an attendant, to give evidence instead of the victim where no other way exists to get the evidence before a court.

In addition, there are means available by which people who are blind or visually impaired can identify accused persons through the use of a voice line-up. Neither of these provisions is made available in this bill. The current Criminal Code simply fails to provide protection for our many vulnerable citizens who are disabled and who are subject to assault.

Honourable senators, there will be many questions asked of the minister when he testifies tomorrow morning before the committee. I suspect there will be considerable pressure on the

minister to make improvements to this bill. The bill is a move in the right direction, but it is by no means completely satisfactory. In fact, it is very modest. I am glad that Senator Di Nino felt that way and said so in his speech, because I believe there is a great deal which can be done in this Chamber, even if it is not done in the other place, to improve the lives of the disabled who, of all vulnerable people in Canada, are surely among the most vulnerable.

Not only are there many people with disabilities in Canada today but, unhappily, every day more and more people in all age groups are becoming disabled. It is a matter of grave concern that they have the opportunity and the protection of the law in ways that this bill fails to provide.

Motion agreed to and bill read the second time.

REFERRED TO COMMITTEE

The Hon. the Speaker: When shall this bill be read the third time?

On motion of Senator Lynch-Staunton, on behalf of Senator Di Nino, bill referred to the Standing Senate Committee on Social Affairs, Science and Technology.

CIVILIAN WAR PENSIONS AND ALLOWANCES ACT

WAR VETERANS ALLOWANCE ACT

PENSION ACT

BILL TO AMEND—SECOND READING

Hon. Jack Marshall moved the second reading of Bill C-84, to amend the Civilian War Pensions and Allowances Act, the War Veterans Allowance Act and the Pension Act and to amend other Acts in consequence thereof.

He said: Honourable senators, I rise with a sense of relief, satisfaction and cautious optimism to introduce Bill C-84, an act to amend the Civilian War Pensions and Allowances Act, the War Veterans Allowances Act and the Pensions Act and to amend other acts in consequence thereof.

The purpose of the bill is to provide members of the wartime high seas merchant navy with greater recognition and equal access to veterans' benefits. It amends eight acts and contains coming-into-force provisions.

Honourable senators, I was particularly interested, in examining this bill, to compare it with Bill S-5, a private bill which I introduced almost a year ago entitled, "An Act to amend certain statutes of Canada to recognize the wartime service of the veterans of the Canadian Merchant Navy." I was more than pleased to receive a comparison of the two bills made by the the Law Clerk of the Senate, who drafted my legislation with the following comments.

> I have confined my comments to matters that appeared relevant to the Bills you proposed . . . On the whole, Bill C-84 appears to accomplish . . . all . . . that you were trying to achieve. The methodology is different and the Merchant Navy Veterans still have a separate Act apart from the Pensions Act in which their benefits are established. That should not make any difference so long as the government is committed to treating merchant veterans equitably . . . Your objectives seem to have been achieved.

[Senator Marsden.]

I am confident, honourable senators, that this equitable measure will come to pass tonight. The bill which was introduced and debated in the other place last Wednesday, June 10, received speedy passage by members of all parties. It was done in the spirit of cooperation which has become the norm over the years in all committees that deal, or have dealt, with our veterans legislation in both houses of Parliament. I welcome the evidence of cooperation and the kind remarks of some MPs with regard to the contribution that the Senate has made towards achieving the recognition of merchant seaman as reflected in the bill. I feel sure that we will see the same cooperation in this chamber where the fight for recognition began over four years ago.

● (2050)

I wish to commend two members of the subcommittee who were then permanent. I refer to the Deputy Chairman, Senator Lorne Bonnell and Senator Paul David, who unfortunately is not able to be with us this evening. May I also express thanks to Senator Marsden, who was then chair of the parent Standing Committee on Social Affairs, Science and Technology, for her support and the support of all members of that committee, and also to those senators who were good enough to appear from time to time and lend their support. I refer to Senators Barootes, John M. Macdonald, Finlay MacDonald, Molgat, Molson, Muir, Rossiter, and Senators Guay and Sherwood, now retired.

I am sure that all senators will want me to call the attention of the Senate to the presence in the gallery tonight of members of the Canadian Merchant Navy Association, the Merchant Navy Association (Allied Seamen) and the Merchant Navy POW Association, to whom we pay tribute.

Hon. Senators: Hear, hear!

Senator Marshall: Honourable senators, while it is acknowledged that merchant seaman were entitled to some benefits on a comparative level with war veterans allowance recipients under the Civilian War Pensions and Allowances Act, Bill C-84 expands that entitlement without restriction to all three programs under the Department of Veterans Affairs as contained in the Pension Act and in the important Income Support and Health Care Programs.

For example, the controversial six-month rule for entitlement is removed. Until now, merchant seaman required six months' wartime service at sea plus one voyage in dangerous

waters to qualify for income support and other important benefits contained in the act. Under the present bill, only one wartime high seas voyage is required. A most important improvement concerns eligibility for disability pensions in clause 4, the new section 9.

Previously, veterans of the Armed Forces have been eligible for a disability pension whether or not they were wounded as a result of hostile enemy action. They were in the service of Canada and so were covered during their service in wartime while on duty. But not so our merchant seamen. In order for them to qualify for a disability pension, their injuries had to occur as a result of direct enemy action.

It was rightfully argued by merchant seaman that this was unjust, that merchant navy veterans were on duty from the time they signed on for a voyage. The enemy action provision will no longer apply to merchant navy veterans. This will allow some 230 additional merchant seaman or their dependents to qualify for disability pensions for the first time without restriction.

A program which is not contained in the bill, but will be introduced as an amendment to the veterans health care regulations, is worthy of mention. I refer to the Veterans Independence Program, a program designed to assist the veteran to remain at home with his spouse and family instead of being confined to a faraway institution until he requires hospitalization. Despite the fact that merchant seaman have fulfilled their requirements for eligibility for this program, they have heretofore been denied entitlement through a restriction that demanded that they be in receipt of a disability pension in order to qualify. This restriction is now removed for merchant seaman. They will be entitled to VIP even with a non-pensionable condition.

I understand that the regulations to authorize such eligibility have been approved by Treasury Board. They go before a special committee of council on Thursday, June 18, for approval and, all being well, will come into effect by July 1.

It is worthwhile spending a few moments in describing this excellent program because it is so ideally suited to veterans as the aging process makes their daily lives more difficult physically. I will place on the record the benefits available and the rates of contribution which, through its provision, will extend eligibility to an estimated additional 1,800 veterans.

I emphasize this, honourable senators, in case you are approached by merchant navy veterans for assistance with regard to their eligibility for this outstanding home care program.

Under the home care program, a veteran can be entitled to a maximum of $6,131 a year, including the maintenance of grounds up to a maximum of $855 a year. They can receive adult residential care and intermediate care to a maximum of $85.90 a day each, ambulatory health care of $713 a year, home adaptations up to a maximum of $3,600 per principal residence, and transportation up to a maximum of $855 a year. These rates are annually subject to changes in the CPI.

Honourable senators, I feel very strongly and am even a little bitter about the fact that there was undeniably a lost opportunity that could have given access to the program to merchant navy veterans, and indeed others who have fulfilled the requirements for entitlement back to 1989. There is, regrettably, no explanation for why merchant seaman had to wait so many years to be recognized for their service. We can only regret, with a deep sense of guilt, that we or our predecessors did not act for so many years, other than with intermittent appeals from time to time by various organizations and parliamentarians, and strong appeals by the merchant seaman themselves.

Not enough can be said about the merits of the Veterans Independence Program and I do not hesitate to commend governments as well as those officials who were responsible for its creation and implementation. That program came into effect in 1981 under the former government and was expanded, improved and extended on a scheduled basis to more and more veterans over the past decade by both governments.

Of all the programs now available to merchant seaman, this will be of the most benefit. An 80-year-old merchant navy veteran with an arthritic wife, both of whom are suffering from heart trouble, said to me, "I hope we will live to see the day when I can qualify for the home care assistance and maintenance to help us with problems we just can't cope with."

Clauses 9, 10 and 11 of the bill relate to resistance fighters who are being removed from the act. This is due to the fact that those who fought with resistance movements in occupied countries during World War II are no longer eligible to apply for War Veterans Allowance or other Canadian veterans benefits as of March 2, 1992. Resistance members who are getting benefits now will not lose them, but as of March 2, 1992, no further applications are being approved. Resistance members who are getting allowances outside Canada will have one year to return to Canada and resume residency. If they fail to do so by midnight, March 2, 1993, they will lose their allowance.

The minister, in his address in the other place on June 10, explained that we are returning the program to its original objective, which was to provide needy wartime armed forces veterans with financial support until they qualify for the old age security and other federal government programs.

Honourable senators, I would like to place on the record a few words about that gallant group of merchant seaman who requested a hearing before the Senate subcommittee in 1987. The evidence they gave through the forum we provided at the Senate subcommittee was highlighted in the committee's report, "It's Almost Too Late " which was tabled in the Senate in January 1991, some 17 months ago. That report caught the attention of Canadians everywhere and brought a wave of support from across the nation, appealing to the government to recognize members of the merchant navy as veterans.

• (2100)

Perhaps I need go no further than to repeat the words of Rear Admiral Leonard W. Murray, Commander-in-Chief,

North West Atlantic, words that focus attention on the contribution of the merchant seaman during the wars in which they fought. He said:

> Make no mistake, the real victors of the Battle of the Atlantic were not the navies or air forces, but the allied merchant seamen.

Time, unfortunately, does not permit me to record all the details of their heroism, the adverse conditions which they endured, their steadfastness against the elements, and their lack of protection from the enemy. However, it should be our duty to record the misconceptions which were allowed to prevail, and which, most likely and regrettably, were a deterrent to their deserving recognition before this day.

The wartime service and post-war treatment of the veterans of the Canadian Merchant Navy was a focal point of your committee's concern. The subcommittee heard from a number of groups of individuals who represent merchant navy veterans and merchant navy prisoners of war. As far as we are aware, our investigation marks the first occasion on which a parliamentary committee had been made aware both of the service and sacrifice of merchant seamen during World War II and of the shabbiness of their treatment in the years following the war. We also became aware of how little we or other Canadians knew of the wartime history of the merchant marine, and in most cases still do not know.

On the basis of their testimony, it is clear that many Canadians, wanting to serve their country during the war, joined the merchant marine rather than one of the fighting services because they had been rejected as too old or too young, or as physically unfit for the latter. It might be interesting to note that a merchant seamen from Nova Scotia told me that he tried to enlist in the military but was turned down because he had flat feet. He then proceeded to walk 20 miles to join the merchant navy.

These wartime volunteers and many veteran mariners served in various capacities, such as firemen, oilers, deck hands, engineers, radio officers and gunnery crew, aboard merchant vessels so equipped even though at the time most were without armed protection from the enemy.

Honourable senators, in responding to charges that merchant navy seamen were unfairly treated after the war, governments have traditionally argued that not only were they civilians but they were much better paid than their military equivalents. That is another misconception. A study presented to the subcommittee challenged the accuracy of this claim and concluded that no merchant navy officer under the rank of captain or chief engineer received as much pay as the Royal Canadian Navy equivalent, and that the 1940 pay rates of merchant seamen were much lower than the Royal Canadian Navy rates until 1944.

Despite their classification as "civilians", strangely enough the enemy made no distinction as to whether or not they were civilians or what colour of clothes they wore when 198 merchant seamen were taken prisoner after their ships were sunk. The hazards of war at sea were replaced by the purgatory of imprisonment ashore. Most spent more than four years in prison camps in German-occupied Europe and in the Far East, where they were imprisoned by the Japanese and incarcerated "under conditions of appalling deprivation and degradation."

Post-war policy towards veterans of the merchant marine was also based on the desire to encourage the expansion of the peacetime merchant marine, and hence to keep in existence the pool of experienced merchant mariners formed during the war years. The Canadian government enacted legislation to reintegrate ex-service personnel. Programs for retraining and education permitted veterans of the armed forces to attend courses in high schools, technical schools and universities. However, veterans of the merchant marine were offered only such educational assistance as would "further their careers at sea", in the words of one witness. This never came to pass.

Before I conclude, honourable senators, I want to mention one of the three recommendations of the Senate subcommittee. Two of our recommendations have been implemented in the legislation; the third is that a Book of Remembrance be prepared and placed in the Peace Tower as a gesture of respect and tribute to those 1,000 merchant seamen who lost their lives. It is unfortunate that there has been no commitment as yet to honour those who paid the supreme sacrifice for their country. Let us hope that before too many more of them have passed on, such a show of remembrance will become a reality.

Honourable senators, Bill C-84 has 22 clauses. I have confined my remarks to the few that are most meaningful to the merchant seamen and which, in my mind, are urgent to the well-being of their future lives. The bill also deals with a rearrangement of sections and parts of the act, with definitions of allied ships, Canadian nationals, foreign voyage, high seas voyage, home trade voyage, term of service, allied veterans, the insurance principle and others.

While the bill was being debated in the other place, members were prepared to pass it with a commitment that the legislation be reviewed in two years. I would amend that extension to one year, because time is passing, there will certainly be a large number of applications, and any unforeseen weaknesses in the bill will be evident in the first few months.

Unfortunately, honourable senators, at this time during each session we are asked to cooperate in passing legislation to meet deadlines, and therefore time does not permit as thorough an examination of the bill as one would like. In this regard, I observe that the clauses of the bill, in the main, deal with definitions as relating to existing merchant mariners and the new class of veterans.

I appeal, then, to the Senate on behalf of those representing the merchant seamen who feel that the main objectives are met. Taking into account the age and the state of health of these gallant men, it is critical that we pass Bill C-84 without delay.

Hon. Senators: Hear, hear!

Hon. Joan Neiman: Honourable senators, I intend to adjourn this debate in the name of Senator Bonnell, who will present tomorrow. However, before doing so I have been asked by the Merchant Seamen's Veterans Association to say a word of thanks to Senator Marshall for the many years that he has fought for this bill to be presented to Parliament. It is the realization of the hopes and dreams of so many of our merchant seamen. So much of what is here in this bill we owe entirely to the passionate dedication of Senator Marshall and his group.

Hon. Senators: Hear, hear!

Senator Neiman: I know that he will keep fighting. The next fight will be for the Book of Remembrance in the Peace Tower. I am sure we will get it soon, because Senator Marshall simply does not stop fighting when the welfare and the well-being of our veterans are at stake.

We thank you, Senator Marshall.

Hon. J. Michael Forrestall: Honourable senators, without interfering with my colleague's intent to adjourn the debate in the name of our other colleague, and as someone who went to sea for a number of years, perhaps I might be permitted to make a few comments.

• (2110)

My first comment has to do with mistakes I have made in public office and in public life. One such mistake had to do with an action in another chamber in which I stood in support of a bill that had to do with the War Measures Act. That was a wrong thing for me to have done, and I knew it when I did it, and I regret it. Another mistake was more of a lighter-hearted matter. I had always believed that "process" was correct, and that, while my dear colleague Senator Marshall was absolutely right in what he was attempting to do a few months ago, it was nevertheless wrong in "process". As a result, I made another mistake, a very important mistake for me. I upheld the Chair.

With my second comment, permit me to draw your attention to pages 123 and 124 of the *Canadian Parliamentary Guide*. Let me draw your attention to Jack Marshall. Do you know who he is? Do you really know what this man has done, or the abilities he has brought to bear on veterans' problems over the years? Do you really know why we now have in front of us this piece of legislation? It did not originate here. It came from the other place, but only because of his steadfastness.

Let me read to you from the *Guide*. Humber-St.George's-St. Barbe. He is a young man—born in 1919. Did you know he was born in Glace Bay, Nova Scotia? Senator John Michael, you will know precisely. His parents were distinguished people in their own right. He married, of course, and has a family. As to his political career—because it is important—he was first elected to the House of Commons in 1968. He was re-elected in 1972 and 1974. He had already resigned from the House of Commons when the then Right Honourable Pierre Elliott Trudeau appointed him to this place.

He has been Chairman of the Subcommittee on Veterans Affairs, of Social Affairs, Science and Technology. He has been long involved with Fisheries. He has been involved with every aspect of human life, but none with more ardour, more dedication, more sincerity and more continuing loyalty than that of veterans. I speak as somebody who has sailed. I feel quite free to say to our colleague Senator Marshall how deeply we all feel about his tenacity, his "do not stop until we have achieved that which is right for seamen" approach. Lieutenant-Colonel Marshall, our fellow senator, had a distinguished career in the military, and I will not go into it. It is there. Those of us who know him are aware of his association with the Canadian military.

However, there are those who may be upstairs in the gallery, and those who may be in Vancouver and elsewhere, relatives of those who died and whose families survived without any compensation; there are those who will remember those seamen who took aviation gasoline into Korea and into Vietnam in support of our allies, those seamen who went to the beaches of Normandy, those seamen who went wherever it was required in order to take whatever was required to further the defence of democracy. They will remember, and they will know that we, indeed, let them down. Essentially, until now the attitude of this House of Parliament has been indefensible with respect to these men and women.

I think that I should conclude by saying to Senator Marshall that I regret some of my actions, and by asking members of the Senate to join with a large body of Canadians, young Canadians, seamen and seawomen, who calmly engage in the demands of the sea and are there when needed and never hesitate. I ask honourable senators to join with them in expressing to Senator Marshall a very heartfelt and belated thank you.

Thank you for not criticizing us for having failed you all of these years. Without you, Senator Marshall, the actions of the other place would not have brought forth the legislation we have before us this evening.

On motion of Senator Neiman, for Senator Bonnell, debate adjourned.

[*Translation*]

CANADA DEPOSIT INSURANCE CORPORATION ACT

BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

Hon. Jean-Maurice Simard moved the second reading of Bill C-48, an Act to amend the Canada Deposit Insurance Corporation Act and to amend other Acts in consequence thereof.

He said: Honourable senators, as a member of the Standing Senate Committee on Banking, Trade and Commerce, I welcome this opportunity to speak to you about Bill C-48, an Act to amend the Canada Deposit Insurance Corporation Act and to amend other Acts in consequence thereof. I am also proud of the fact that the pre-study of this bill, by our committee helped improve this legislation.

As you know, Bill C-48 amends the *Canada Deposit Insurance Corporation Act* by providing for a new process for restructuring deposit-taking institutions in serious financial difficulty. The bill gives the CDIC the authority to arrange and carry out the sale of troubled, federally regulated financial institutions to a healthy institution.

The bill also reinforces the capacity of the CDIC to regulate the kind of information financial institutions may provide to their customers on deposit insurance.

As a result of these changes, members of the public who entrust CDIC institutions with their money will be better informed about the coverage offered by the Corporation.

[*English*]

Let me review for honourable senators the reasons why the structuring measures in this bill are so important. The substantial potential losses that CDIC may be exposed to in carrying out its responsibilities toward insured depositors of member institutions means that CDIC must be provided with the ability in its statute to control these costs. This control is achieved in Bill C-48 by providing CDIC with the means to act, with the approval of the minister, in a timely manner to put a troubled institution back on a solid footing.

This is the essence of the restructuring process set out in Bill C-48. I believe that the establishment of this process will greatly enhance CDIC's ability to run a cost-effective deposit insurance system.

In its pre-study of this bill, the Senate Banking committee was privileged to hear testimony from witnesses with considerable knowledge of the financial sector.

[*Translation*]

Mr. Justice Willard Estey drew on his vast legal experience and spoke more specifically as the author of the report on the investigation into the Canadian Commercial Bank and Northland Bank failures.

One of the main conclusions of his report was that existing procedures did not give federal authorities the requisite powers to help troubled financial institutions. Bill C-48 will add to the measures the CDIC can take when one of its member institutions experiences serious financial difficulty. Judge Estey concluded that existing procedures and powers for dealing with failing institutions needed to be enhanced even more, but told the committee he supported speedy passage of Bill C-48.

The Senate committee agreed that the bill should be adopted quickly but indicated there was still sufficient time to make a number of technical improvements to the bill before it was adopted. Together with my colleagues, I am very pleased to see that three of your committee's recommendations were adopted by the other place in the form of amendments at the report stage. I would like to take a few minutes to describe these changes.

The Senate committee was concerned that the bill, as presented at the pre-study stage, contained no clear definition of the criteria to be used by the CDIC to determine whether or not it was appropriate to restructure a troubled institution. The committee recommended providing a clear definition of these criteria.

The amendment made at the report stage by the other place clearly indicates that the CDIC must base its decision on the objectives it is set by law.

The second amendment made by the other place, as a result of our committee's report, proposed to make it easier for holders of shares and subordinated debt of a vested company to sell the rights to compensation attached to those shares to others. The changes made in the bill allow the CDIC to hand over shares and debt, upon restructuring, to either their original holders or to the persons who subsequently acquire the rights from the original holders.

Finally, Bill C-48 was amended by the other place to clarify a technical point raised by the Senate committee with respect to the correct interpretation of the term "liabilities" in one specific section of this bill. The amendment fully responds to our concerns.

Since I am on the subject of the pre-study of the bill by the Senate committee, I would like to add that during our discussions, the committee touched on several major matters of principle concerning the CDIC and the deposit insurance system in this country, which we feel should be further investigated. The committee's report goes into some detail about these matters.

I am also pleased to see that the Senate committee will consider these questions later this year, when it proceeds with a wide-ranging study of the CDIC and similar institutions. With my colleagues, I am also very pleased to hear that last week the Minister of Finance announced he would soon ask representatives of financial institutions and other interested parties to take part in a thorough review of the deposit insurance system.

I would now like to continue my comments on the substance of the bill before us today. The purpose of this bill, which is to give the CDIC the capacity to control its cost while contributing to the financial stability of the system, has garnered broadly-based support.

I believe the bill meets this objective by balancing the role of federal authorities with that of the private sector in operating our financial markets.

Bill C-48 also significantly changes the rules for disclosure of information on deposit insurance to customers of financial institutions. These changes may not be spectacular but they will be very useful for depositors. They have also been well received by the financial sector, which has every interest in keeping its customers well informed.

[*English*]

In closing, the amendments to the CDIC Act contained in Bill C-48 equip CDIC to deal with a continually evolving financial sector. However, as useful as these changes are, we

heard calls for further changes to the CDIC Act and to the deposit insurance system generally. The testimony we heard underscored the importance of the major study of deposit insurance which, as I said earlier, the Senate Banking committee will be undertaking over the course of the next few months. I look forward to the consideration by the Senate committee of some of the broader issues raised during the committee's study of Bill C-48.

[*Translation*]

As a member of the Senate committee that studied this bill, I am satisfied with the amendments made to it and I support the adoption of this legislation. I hope that you will join me now and pass the bill on second reading.

Honourable senators, I thank all the members of on the Banking, Trade and Commerce Committee for their diligence and their serious approach throughout our pre-study. The solid experience and vast knowledge of this field that several of our colleagues, including the chairman, Senator Poitras, have were very useful in our work. I thank them and thank you, honourable senators.

On motion of Senator Molgat, debate adjourned until the next sitting of the Senate.

• (2130)

BANKRUPTCY ACT

INCOME TAX ACT

BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

Hon. James F. Kelleher moved the second reading of Bill C-22, to amend the Bankruptcy Act and to amend the Income Tax Act in consequence thereof.

He said: Honourable senators, I am pleased to contribute to the debate on a very urgent matter, the need to reform bankruptcy legislation in Canada. The proposed new Bankruptcy and Insolvency Act provides the first reform of these laws in over 40 years. Honourable senators who have served this chamber longer than I have will be all too familiar with how difficult it has been to reform bankruptcy legislation in Canada. Many senators with us today will recall previous efforts. In fact, this bill represents the seventh time in 16 years that the Government of Canada has tried to bring the regulations into line with modern needs and technology.

The Bankruptcy Act that we seek to amend was passed in 1949. In the meantime, a number of things have changed. First of all, the technology available to speed up proceedings has advanced considerably. Who could have foreseen a day when fax machines would be used to transmit key documents in a bankruptcy proceeding?

Second, the nature of obtaining capital has changed dramatically. The original drafters of Canada's bankruptcy laws could not have predicted a day when most financing would be done through secured loans, which means that often virtually nothing is left over for preferred creditors when a company declares bankruptcy.

Third, inflation has all but eliminated any benefit provided to employees by the original provisions of the Bankruptcy Act. The 1949 legislation allows a maximum of only $500 each for wage claims by employees. Perhaps the most important reason of all for modernizing our bankruptcy laws is to help businesses survive during difficult economic times.

Bankruptcy laws must be part of the solution for companies in dire straits; they should not be part of the problem. I am sure that many senators here in this chamber could relate instances where companies have failed precisely because bankruptcy laws were part of the problem. Bill C-22 reforms the law in two ways that will provide a better opportunity for businesses to survive. It provides flexibility and breathing space for a company to reorganize and it provides supplier rights so that suppliers are not dragged down when one of their major customers declares bankruptcy.

Let me outline these provisions in more detail. Under the current law, a firm in financial trouble can file a notice of stay for protection only from unsecured creditors. Secured creditors can demand payment at any time. They can also appoint a receiver to realize on their security, and this makes reorganization virtually impossible. In the past few years we have seen many instances where, at the first sign that a company is in trouble, a secured creditor will jump in quickly, seize the assets, cut off credit lines and appoint a receiver. The secured creditor is protected but unsecured creditors and employees are out of luck.

Under the new Bankruptcy and Insolvency Act as proposed in Bill C-22, businesses will have a chance to reorganize. The new legislation would establish a 30-day cooling-off period. This would give businesses time to negotiate with all their creditors, both unsecured and secured. At the end of 30 days the firm would have two options: It could present a commercial reorganization plan or it could ask the court for permission to extend the stay for up to an additional five months.

Bill C-22 also introduces new rules governing the conduct of secured creditors and lenders. A lender would not be permitted to seize the assets of a debtor without giving the debtor notice and an opportunity to make a proposal for reorganization.

The second way in which this bill will help companies to survive is by enabling suppliers to retrieve goods that have not been paid for when a company declares bankruptcy. Under our current laws, unpaid suppliers are included among the ordinary creditors. Once the assets of an insolvent firm have been liquidated and secured, and preferred creditors have been paid off, there is often nothing left for ordinary creditors. This spells disaster for many businesses. They depend upon the cash flow.

Once a major customer goes down, many of its suppliers follow into bankruptcy. What happens to the goods for which the supplier has not been paid? Often they are sold at liquidation prices far below their real value, certainly well below the

value they would provide to the original supplier if the original supplier could retrieve them. Bill C-22 gives unpaid suppliers the right to reclaim goods from a firm that has declared bankruptcy within 30 days of delivery. For many companies, this provision may well spell the difference between weathering the recession and bankruptcy.

Honourable senators, these are the urgent reasons why this chamber should support Bill C-22 and see that it is passed expeditiously. Any undue delay may well spell the difference between survival and failure for companies that now teeter on the edge of bankruptcy and need time to reorganize.

There are other reasons as well, and I will list them briefly. The bill provides for an efficient, inexpensive means for consumers to renegotiate their obligations as an alternative to consumer bankruptcy. If an individual does declare personal bankruptcy, under this bill he would have access to summary administration, which is an inexpensive and rapid bankruptcy procedure now only available if assets or distribution do not exceed $500. That limit for access to summary administration will be increased to $5,000 through Bill C-22. This will allow many people to avoid an otherwise long and costly process.

Finally, honourable senators, Bill C-22 reduces the Crown priority in bankruptcies. The claims of the Crown will be dealt with in the same vein as the claims of ordinary creditors. Companies will still be required to pay income tax, contributions to the Canadian Pension Plan and unemployment insurance premiums as a high priority; but other debts to the Crown, such as items or services bought from government, will be given a lower priority.

● (2140)

Senators, this is a good bill. It is urgently needed, but I would be the first to acknowledge that Bill C-22 does not do everything that perhaps we would like to see included in a reformed bankruptcy law.

I can see a look of amazement on Senator Frith's face when I admit that, and I hope it is not troubling him too much.

Senator Frith: No. I wondered if you were going to specify the parts that disappoint you.

Senator Kelleher: Yes, I will. I knew you were awaiting this with bated breath.

Senator Frith: That is what peaked my interest, sir; not your repentance or confession.

Senator Kelleher: I knew that is why you stayed in the chamber. This chamber is aware of the debate over the funding of a wage claim payment program. The debate arose in spite of a high degree of cooperation and consensus building among all three major political parties.

The government and the opposition agreed on the desirability of providing a wage claim payment for workers when a company has gone bankrupt. I am certain that no one in this chamber would dispute the importance of such a provision, but a consensus on how to resolve this issue proved elusive. In the end, the government reluctantly decided that it would split the bill and delete the clauses that constituted a wage claim payment program. Recommendations for such a program will be given high priority when the bill comes up for review in three years.

In the search for a fair means of funding wage claim payments, several methods were recommended. Some will warrant further study. I am sure that this chamber will welcome an opportunity to look into some of these proposals in detail at the appropriate time.

But, honourable senators, now is not that time. Now is the time to move quickly to offer hope to companies that face bankruptcy—companies that can be saved if they have a chance to reorganize.

Every day that passes means more companies have edged closer to bankruptcy. Every day that passes means more jobs lost. This is why I would ask that the chamber move expeditiously to pass Bill C-22.

This is not a case of providing a rubber stamp for a piece of legislation. This is a case of acting responsibly in order to see quick passage for measures that I am confident we all support.

Finally, honourable senators, I would emphasize that in the coming months we will have ample time to consider ways in which the bankruptcy laws of Canada might be improved. No one wants to see a situation in which these laws go through another 43-year period before a government succeeds in reforming them. No one wants a repeat of the situation where reform efforts to modernize bankruptcy laws fail six times.

The demands on bankruptcy law will change. Of that, we can be certain. Parliamentarians today have no greater ability to look into the future than their predecessors had in 1949. In the years to come, technology will definitely change. Financing arrangements will likely change, and the dollars of tomorrow may not cover the same expenses as the dollars of today. These are the changes we have seen in the past; the demands on our bankruptcy laws will evolve.

The best we can hope to do is to pass legislation to meet today's urgent demands and to try to provide a certain degree of flexibility for tomorrow's parliamentarians.

Bill C-22 calls for a parliamentary review of the legislation in three years' time, honourable senators. We will have ample opportunity to study how the changes affect the marketplace, to consider ways to fine-tune the law's provisions, and to come up with a way to finance wage claim payments.

Bill C-22 offers flexible, modern rules for bankruptcy in Canada. It provides an opportunity for businesses and individuals to restructure and avoid declaring bankruptcy when it is still possible to reorganize. It provides a balance between the rights of different categories of creditors, on the one hand, and between the rights of creditors and debtors on the other.

Honourable senators, this is a good piece of legislation. It has benefited from detailed and thorough study. It is long

overdue. I hope that you will join me in ensuring that this bill receives speedy passage in this chamber.

Hon. Senators: Hear, hear!

Hon. L. Norbert Thériault: Honourable senators, I do not pretend to be an expert in bankruptcy legislation. I operated a small business on the verge of bankruptcy a number of years ago, but I never did make it to bankruptcy.

I had the privilege of hearing so-called "experts" at the Standing Senate Committee on Banking, Trade and Commerce when departmental people were there to give a briefing on this bill. I have been watching and reading about it over the years. I questioned the so-called experts on one aspect mentioned by Senator Kelleher; that is, that the bill does not provide for the protection of employees. It is true that the bill increases the amount of so-called "protection" from $500 to $2,000, but that is not protection. They are not on a preferred creditor basis.

I questioned the experts from the department, and I was not happy with the answers I received. For instance, they said that the government had come to the conclusion that this was not a good time to include protection for employees because of the recession.

I listened on that day to Senator Kelleher and his questioning, and there is no doubt that he understands the whole of the legislation. I do not disagree with the statements he has made as to the need for this legislation and the benefit that is possible with this legislation; however, I cannot help being reminded this evening of the work and time Senator Marshall put in to obtain protection for the merchant seamen. Well, I am seeking protection for all employees of those companies that go bankrupt. They are often left on the street.

While it is true that we are in a time of recession, Senator Murray and government spokespersons tell us that we are on the verge of ending this recession and will soon be in glowing times; the economy will be great. Would this not be the time then, if it is true that we are on the verge of an economic boom, to include in the legislation the protection that employees have been seeking for so long?

Senator Kelleher stated that this legislation is 1949 legislation. It has not been amended since 1949. How long will it be before it is amended again?

I have heard those review provisions. I have been around. I have heard all kinds of statements by the government and by experts. However, there is no time like the present.

I fail to understand why in 1992, with the advances in technology and knowledge, and the advances society has made, it is the poor, the workers, and the employees who must wait to the end. Why can't the employees, as well as the business people, benefit from this legislation? I ask you, colleagues, why can't they?

I hope that in committee—and I presume this bill will go to committee—we can get some answers. Perhaps the minister can tell us what he is prepared to do for the employees. I know that other jurisdictions are looking at this problem, and I hope that the government will look at this problem now and not in three years' time.

Some Hon. Senators: Hear, hear!

On motion of Senator Molgat, debate adjourned.

● (2150)

CUSTOMS ACT

CUSTOMS TARIFF

EXCISE TAX ACT

BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

Hon. Efstathios William Barootes moved the second reading of Bill C-74, to amend the Customs Act, the Customs Tariff and the Excise Tax Act.

He said: Honourable senators, I am pleased to speak today on Bill C-74, An Act to amend the Customs Act, the Customs Tariff and the Excise Tax Act.

The purpose of this bill is to amend legislation administered by Revenue Canada, Customs and Excise, relating to penalty and interest provisions for importers and to postal and courier provisions in the Customs Act, the Custom Tariff and the Excise Tax Act.

First, I should like to deal with the courier and postal issues, then I will discuss the penalty and interest provisions of this proposed legislation.

The measures with regard to postal imports are designed to modify the regulations, which have become an unfortunate incentive for significant amounts of Canadian shopping through foreign mail order houses. The existing regulations have made it advantageous for Canadians to shop by mail through these foreign mail order firms. The current rules also encourage Canadian mail order houses to establish direct marketing operations and offices outside Canada and to sell merchandise back to Canadians. As a result, there has been a significant loss of federal revenue but, more importantly, a detrimental effect on Canadian business and employment. The present rules also provide what is, in effect, a subsidy to those who use the mail to import goods.

The proposed changes would give help to Canadian retailers for a more level playing field by ensuring reasonably equitable duty and tax treatment for domestic and foreign mail order firms. These changes would also achieve equity in a fiscally-responsible manner.

The need for the changes is well borne out by fact. First, Customs and Excise has experienced a 46 per cent increase in the volume of dutiable and taxable parcels over the last two years. Second, Customs estimates that in 1990 Canadian purchases from foreign mail order houses exceeded $900 million. Those sales figures are expected to grow as foreign mail

order houses target our Canadian market with aggressive catalogue distribution and media advertising campaigns.

The Canadian direct marketing industry is an important part of our economy. This industry has annual sales in the region of $7.8 billion. The catalogue direct marketing sector accounts for approximately $2.2 billion in sales and it employs an estimated 35,620 people in some 600 firms in Canada.

The proposed amendments dealing with postal and courier imports are crucial to the health of the catalogue direct marketing sector. An independent study done for the Canadian Direct Marketing Association found that Canadian catalogue firms lost $260 million in sales in 1990 and that approximately 4,170 jobs had been lost since 1986. The sector's once healthy growth rate of about 7 per cent annually has stagnated, and since 1986 it rests at just over 3 per cent annually. Comparable growth in the American industry has risen from 8.3 per cent in the period from 1977-85 to 12.4 per cent in 1985-90. Without these changes it is estimated that by 1990 Canada will have lost approximately 7,500 jobs in the direct marketing catalogue sector and an additional $469 million a year in lost sales.

Much of this problem can be attributed to the impact of the existing law. The duty and tax exemptions for parcels valued at $40 or less creates a serious competitive disadvantage for Canadian retailers in competing for Canadian mail order business. On the one hand, our Canadian retailer must charge the GST and the provincial sales tax on their sales when it is mailed to customers within their own province, as well as pay duty on their imports.

Senator Frith: Say that again.

Senator Hastings: Say that GST part again?

Senator Frith: Start with the GST!

Senator Corbin: Repeat that, please!

Senator Barootes: On the other hand, mail imports valued at the same value of $40 or less are not subject to GST or duty. In addition, the federal government cannot and does not collect the provincial tax, except where it is harmonized with the GST on goods. That applies at present only to the province of Quebec.

This means that an Ontario-based firm selling a Canadian-made article for a $40 catalogue price would deliver it to a customer in Canada for $50.36, which includes provincial sales tax, GST, shipping and handling. However, that same company could ship the Canadian-made goods to the United States and deliver it to the same customer in Ontario for $45.36. This is rather unfair competition.

I now want to highlight the changes that the government is putting forward to rectify this anomaly. The exemptions which allow duty- and tax-free entry of postal and courier imports valued at $40.00 or less will be reduced to $20.00. Clause 42 of this bill will amend the Excise Tax Act to effect the changes for GST purposes. Once the bill is approved, amendments to Orders in Council can be made to reduce the amount for duty purposes. This would ensure that a large portion of foreign mail order imports that are subject to the same duties and taxes will be subject to the same duties and taxes as our Canadian goods.

This $20.00 limit, therefore, represents a reasonable balance between the need to place Canadian companies on a more equitable footing and the ability to effectively enforce this lower limit.

● (2200)

Canada Post is being contracted by Canada Customs to take over some specific tasks currently performed by Customs. These tasks include collection of duty, provincial sales tax where harmonized, and the GST. Canada Post would charge a $5 handling fee for this service. This is in line with the government's efforts to help recover costs where appropriate from those who benefit from the service. Moreover, this fee is similar to what is charged in other countries.

Under the proposed legislation there would also be voluntary registration of foreign mail order firms for the collection of GST and duties. These non-resident mail order houses would have the option of selecting and remitting the applicable duties and taxes on all shipments over this $20 exemption limit sent to Canadian destinations.

Clauses 39 and 40 of the proposed legislation would amend the Customs Tariff to increase the gift exemption which allows duty- and tax-free entry for gifts sent to Canadians through the mail or imported personally by non-residents. The exemption will increase from $40 to $60 bringing it in line with other countries. This change is being made in response to numerous recent representations from individual Canadians across this country.

To show how this is comparable with other countries, I have a list of what their exemptions are in comparison to ours. In the United States, the exemption is $50, which is the equivalent of $62 Canadian; in Great Britain, it is £32, which is the equivalent of $65 Canadian; Australia has a $200 exemption, which is the equivalent of $192 Canadian, for gifts imported; France has virtually no limits on such gifts.

I would like now, honourable senators, to turn your attention to the second part of this proposed legislation, which is designed to eliminate the current imbalance that exists in the interest provisions of customs legislation and to introduce penalties for the lack of compliance in certain instances. The proposed amendments which I will outline have no impact on day-to-day operations for the vast numbers of importers who voluntarily comply with customs requirements. Rather, these measures are aimed at those commercial importers who find it financially rewarding to delay filing their accounting documents or paying their fair share of these duties and taxes.

Under the current legislation, Revenue Canada, Customs and Excise is required to pay interest on monies owing to an importer while the reciprocal obligation in many cases is not required of an importer who owes money to the Crown. This

creates a disincentive for importers to declare the correct origin, classification and value of their importations, and becomes an incentive to delay paying the amounts owing. The amendments in this legislation are designed to ensure that the importing company meets its obligation to pay duties and taxes in a timely manner.

Although the changes in this respect appear technically complex, the effect is straightforward. For example, clause 7 of this bill would amend the Customs Act to add a new section to provide for the application of interest and penalty charges in the case of late accounting for goods, late payment of duties and taxes, and in the case of subsequent assessments and reassessments. At the same time, the Minister of National Revenue would have the ability to waive these charges and to extend the time frames for their payment. Interest provisions would also be brought into line with commercial practices by charging the refund interest on a compounded daily basis.

I wish to emphasize again that these proposals for interest charges and penalties will have no negative impact on the vast majority of importers who file their documents and pay their duties and taxes within the prescribed time periods. Moreover, when importers have legitimate reasons for being late, allowances will be made by the minister.

Honourable senators, these changes will help to ensure that deliberate or chronic late payers are not rewarded by having what are in effect interest-free loans at the taxpayers' expense. This legislation would remedy that problem.

I want to conclude by saying that the proposed legislation provides effective remedies to a number of imbalances in the current customs legislation. With regard to the existing import penalty and interest provisions, the new rules will eliminate unfairness in the system, enhance voluntary compliance, and help create a level playing field for Canadian importers and Canadian businesses. The changes relating to postal and courier imports will put Canadian mail order firms on a more equal footing with their foreign competitors. In essence, this legislation moves Canada in the direction of a fairer and more just system of doing business.

It is important that this house give serious and urgent consideration to the bill. The government announced last February that it intended to bring into effect the changes to the parcel import system on July 1, 1992. Canada Post is geared and prepared to fulfil their function to collect the duty, the GST, and the handling fee on July 1 of this year. Without passage of this bill before that date, honourable senators, those changes would have to be delayed. Canadian businesses need these changes now. I therefore urge that you give this legislation the priority it deserves for our Canadian businesses and for our Canadian citizens.

On the motion of Senator Thériault, debate adjourned.

TRANSPORTATION OF DANGEROUS GOODS BILL, 1992

SECOND READING—DEBATE ADJOURNED

Hon. Norman K. Atkins moved the second reading of Bill C-45, to promote public safety in the transportation of dangerous goods.

He said: Honourable senators, I am pleased to speak tonight on second reading of Bill C-45, to promote public safety in the transportation of dangerous goods. This bill is intended to result in the Transportation of Dangerous Goods Act 1992. It is a rewrite of the first Transportation of Dangerous Goods Act which was passed in 1980.

Bill C-45 promotes public safety in the transportation of dangerous goods by establishing standards and procedures in the regulatory framework, a traditional inspection and enforcement program, and authority to require that immediate action take place when required to protect public safety.

● (2210)

Bill C-45 clarifies the nature of the dangerous goods program. It reorients and reaffirms the authority of dangerous goods inspectors to make them more efficient and to define clear limits to this authority. It deals with the selection and use of means of containment, that is, anything used to package dangerous goods for transportation, from cardboard boxes to railway tank cars.

The bill establishes a national program supported by the provinces. It also provides for international harmonization by recognizing international agreements. There are over 27 million shipments of dangerous goods every year in Canada. There are almost 11 million known chemicals with an astronomical number of possible combinations of these. To have a national program dealing with all of these possibilities, which is supported by all participants, and which harmonizes internationally, is no small feat.

The Canadian program, as it supports emergency response, is seen as a model by other countries. For example, Transport Canada operates an emergency information centre called Canutec. It is open 24 hours a day, seven days a week. Chemists who have been trained in transportation accident response are constantly available to provide information to anyone in Canada dealing with a dangerous goods emergency.

The bill is straightforward in establishing a regulatory program which identifies activities that are prohibited or are to be conducted in specific ways. It provides for the appointment of inspectors to review these activities. It provides for investigation and enforcement that can be directed at individuals, corporations employing these individuals or officers of such corporations.

This bill allows the courts to penalize infractions and enables the courts to order compensation or reparation. It can also require that a person or persons conduct or finance technical research relating to the transportation of dangerous goods.

The title of the bill refers to protecting public safety. That protection is aimed at human life and health, property and the environment. The regulations established under the 1980 version of the Transportation of Dangerous Goods Act would be continued. These regulations essentially define public safety: an activity conducted in compliance with the regulations is safe; one which is not in compliance is unsafe.

The bill provides the authorities to deal with situations where public safety is threatened. These threats can range from noncompliance to an actual accidental release of goods.

In addition to the traditional procedures of recording the event and later pursuing a penalty in the courts, the bill provides an authority for inspectors to deal immediately with the danger. Inspectors may order that certain activities take place, or cease, as appropriate. Possible actions range from detaining a shipment of dangerous goods until it is brought into compliance to ordering specific procedures to be followed. The bill specifically identifies the people subject to directions or orders.

Extensive consultation has taken place with respect to the bill. The consultation included industry, public interest groups and the provinces. As a result of this consultation, this bill is extremely well researched. After the introduction of the bill in the other place, between first and second readings, a second round of consultations was initiated in the same manner.

The first round of consultation shaped the form and substance of the bill. The second provided the fine-tuning to ensure that the bill is appropriate, reasonable and achieves its goal of promoting public safety. The bill achieves this goal while allowing for a national program which harmonizes federal and provincial procedures with international requirements. This level of uniformity allows Canadian industry to conduct business domestically and internationally without conflict between regulatory programs.

With respect to compliance and enforcement, an excellent working relationship has developed over the past years between the federal and provincial authorities. The provinces enforce the program on highways; the federal government carries out enforcement at highway shipper facilities and with respect to all air, marine and rail activities.

This federal-provincial partnership is extremely valuable and ensures that Canada's transportation of dangerous goods program is a success. This partnership is strengthened by a clause in the bill which provides that the federal government may enter into agreements with provincial governments with respect to administration of the act.

I am very pleased to present this bill today, as it is the result of several years of experience with the existing act and of extensive consultation with potentially affected people. This bill contains safety provisions of an immediate nature and provides the authority necessary for the improvement and maintenance of a Canadian transportation of dangerous goods program that is in harmony with the United States and other countries.

Bill C-45 will serve to promote public safety in the transportation of dangerous goods, honourable senators, and I hope it will receive your favourable consideration.

On motion of Senator Petten, debate adjourned.

NATIONAL PARKS ACT

BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

Hon. Eric Berntson moved the second reading of Bill C-59, to amend the National Parks Act.

He said: Honourable senators, this short bill reflects important partnerships that the government is developing with aboriginal peoples. Divided into two major purposes, the bill first deals with Environment Canada's responsibility for the fulfilment of treaty No. 8 obligations flowing from the Cree band of Fort Chipewyan land claim settlement of 1986. In that settlement, Canada, Alberta and the band agreed that additional entitlements under the treaty would include provisions for some 12,000 acres of land for Indian reserve purposes and $26.6 million compensation.

Environment Canada's specific role in the settlement concerns Wood Buffalo National Park, which straddles the boundary of Alberta and the Northwest Territories. This park, the second largest in the world, overlays the approximately 3 million acre traditional hunting grounds of the Cree. Following the settlement, it was necessary to prepare a complex boundary survey of this area of the park for insertion into the National Parks Act. While I must point out that the area will remain subject to the National Parks Act, this bill confirms the right of the Cree band of Fort Chipewyan to hunting, fishing, trapping and cultural pursuits in their traditional lands within the park.

The bill also excises the small community of Peace Point from within the park boundary to enable its establishment as an Indian reserve. This is being done as part of the claim settlement in recognition of the wish of the Cree of Peace Point for greater control over their own affairs.

The final element of the bill affecting Wood Buffalo is the formal establishment of a Wildlife Advisory Board.

● (2220)

This board, which has been operating informally but effectively for several years, enables the Cree to participate meaningfully in making decisions that directly affect their way of life. It is indicative of the kinds of partnerships which must be established with native peoples to ensure that Canada's wilderness values are enriched, and that the ethics of wilderness protection are shared among all Canadians.

Therefore, in this bill we are formally recognizing the longstanding relationship and affinity of the Cree to lands which, by agreement, remain under the protection of the National Parks Act. Moreover, we are helping to perpetuate a life-style and tradition of caring for the land from which all Canadians can learn.

The second purpose of this bill concerns the setting aside of a national park reserve in the Queen Charlotte Islands of British Columbia, along with the authorization of a unique management agreement with the Council of the Haida Nation.

Honourable senators, on July 11, 1987, the Prime Minister and the Premier of British Columbia signed a Memorandum of Understanding which committed the two governments to negotiate an agreement to set aside a national park and national marine park in the South Moresby area of the Queen Charlotte Islands. On July 12, 1988, the two governments signed a formal Memorandum of Agreement setting out specific commitments regarding the parks and related initiatives.

The signing of the MOU was the culmination of a 13-year struggle by the Haida and environmentalists, supported by church organizations and others, both nationally and internationally, to protect the area from logging and mining. The Haida first proposed the protection of the South Moresby area known to the Haida as Gwaii Haanas, to the Government of British Columbia in 1974. A decade later, the federal government proposed to British Columbia that a national park, complemented by a provincial park, be created.

Forestry operations and mineral exploration continued while the province considered its options. Then, in 1985, the Haida and their supporters blockaded logging on Lyell Island, leading to the arrest of 72 Haida, including elders, and focusing national and international attention on the situation. Agreement to protect the islands was greeted by Canadians as one of the most important environment accomplishments of the government in its first term.

Honourable senators, setting aside the park reserve will protect internationally significant heritage resources. Because parts of the area were not glaciated during the last Ice Age, unique plants and animals evolved there. Hence the area's common description as the "Canadian Galapagos". The Haida name for the archipelago is Gwaii Haanas which means "Islands of wonder and beauty", which will be the name of the park reserve.

There are presently 1,500 to 2,000 Haida living to the north of the proposed park reserve in their homeland of Haida Gwaii. About the same number live elsewhere in British Columbia, as well as in Alaska and elsewhere in the United States. Gwaii Haanas is an important part of Haida Gwaii, as evidenced by the more than 400 identified archaeological sites and existing cultural remains in the park reserve area. An abandoned village, Ninstints, was designated by UNESCO in 1981 as a world heritage site for its array of totems and other cultural remains. Two other Haida village sites in the vicinity, Tanu and Skedans, have been declared of national historic significance.

Since the beginning of the initiative to set aside the national park reserve, it has been evident that an understanding with the Haida was required. Protection of outstanding natural values of the area is linked with the preservation of their cultural sites and their continued use of the area. In his remarks at the signing of the MOU with the province, the Prime Minister stated:

> South Moresby is more than an ecological treasure. It is also the spiritual heart of "Haida Gwaii", the homeland of the Haida. The Haida community will be involved in a meaningful way in park planning, development and operation.

Consequently, Environment Canada began discussions with the Haida in 1987 regarding a mechanism for cooperative management of the park reserve and a continuation of traditional activities. As a result of these commitments the Haida did not oppose the idea of a national park reserve, which would stop the logging and at the same time not prejudice their position on ownership. It is for this reason that a reserve for a national park will be set aside pending resolution of disputes outstanding over rights, titles to and interest in the area.

Formal negotiations with the Haida on cooperation began in early 1988. Unfortunately, talks were broken off from time to time, given the differing views of the parties on who had sovereignty over the lands. Eventually, however, the parties agreed to set out their different views and to concentrate on those issues where there was agreement: Principally, the protection and conservation of the unique ecology of the area and the continuation of the Haida culture and traditions within it. With that deadlock broken, the negotiations led to a draft agreement in April 1990. The agreement was subsequently ratified by the Haida in the referendum held by the Council of the Haida Nation on May 19, 1990. The principal components of the agreement are as follows:

> A) The agreement will be between the Government of Canada, represented by the Minister of the Environment, and the Council of the Haida Nation, represented by its vice-president.
>
> B) The document contains parallel statements which set out the Haida and the Government of Canada's divergent positions regarding sovereignty, title and ownership to the land included within the national park reserve, as well as the definition, for example the citizenship, of those Haida to whom the agreement will apply.

By way of explanation, honourable senators, under their definition, the Haida Nation includes persons of Haida ancestry living in the United States, whereas Canada maintains that its responsibility under the agreement can be only to those Haida to whom subsection 35(1) of the Constitution act, 1982 applies.

> C) The parties agree that long-term protective measures are essential to safeguard the area and that the highest standards of protection should be applied. The parties also agree to contribute to the continuity of Haida culture.
>
> D) An archipelago management board will be set up to examine all initiatives and undertakings relating to park reserve planning, operation and management. The board will have equal representation by Canada and the Haida,

and be co-chaired. The board will operate on a consensus basis.

E) The Haida will continue specified cultural and traditional renewable resource harvesting activities. With few exceptions, for example trees for ceremonial or artistic purposes intended for public display, resource harvesting will be on a non-commercial basis. The National Parks Act, through this bill, will be amended to permit these activities by authorizing the Governor in Council to enact appropriate regulations following review by the archipelago management board in accordance with the consensus decision-making process.

• (2230)

F) There is an explicit statement that the agreement shall not constitute a land claims agreement or treaty within the meaning of Section 35 of the Constitution Act 1982, nor shall it be construed as creating, affirming, recognizing or denying any aboriginal or treaty right. Also, it is stated that "nothing in the agreement shall fetter or limit, or be deemed to fetter or limit, in any manner the rights, jurisdiction, authority, obligations or responsibilities of either party or their representatives, except to the extent of the requirement that all reasonable efforts must have been made to reach consensus . . ."

G) Commitments are made to encourage Haida employment with the Canadian Parks Service and other economic opportunities associated with the National Park reserve.

H) There is a commitment to negotiate a further agreement with the Haida for the National Marine Park reserve before it is established.

Honourable senators, when this agreement was accepted in principle by the Haida nation through their referendum two years ago, cooperation between the Canadian Parks Service and the Haida began on the ground. A contract is in place with the Council of the Haida Nation for the operation of an interim archipelago management board to deal with priority issues until the agreement actually comes into force. However, real authorities are extremely limited in the absence of legislation, and the Haida remain cautious about the nature of formal relations in the absence of a signed agreement.

In conclusion, honourable senators, the proposed amendments to the National Parks Act would: Provide for setting aside lands in the Gwaii Haanas archipelago as a reserve for a national park; enable the Governor in Council to authorize the Minister of the Environment to sign an agreement with the Council of the Haida Nation respecting the management and operation of the park reserve; provide authority required to implement the agreement as it relates to traditional renewable resources harvesting and Haida cultural practices; and, in addition, implement provisions of the 1986 Cree Band of Fort Chipewyan specific land claim which affects Wood Buffalo National Park, by establishing a wildlife advisory board with authority to propose regulations within the band's traditional hunting grounds and excising an existing community from the park for an Indian reserve.

On motion of Senator Molgat, debate adjourned.

EXCISE TAX ACT

INCOME TAX ACT

BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

Hon. Noel A. Kinsella moved the second reading of Bill C-75, to amend the Excise Tax Act and the Income Tax Act.

He said: Honourable senators, this is a "good news" piece of legislation.

Senator Frith: A taxing bill is good news?

Senator Kinsella: Because it is really a transportation package. As a humanist, speaking to an issue of this genre was a great learning experience.

Senator Frith: Only a humanist could make a taxing bill good news.

Senator Kinsella: The measures include two fundamental elements. The first is a temporary loss offset program, with a partial rebate of the federal excise tax on diesel and aviation fuel.

Senator Frith: Is that the good news part?

Senator Kinsella: Yes, and the second good news part is an exemption from the withholding tax for the international aircraft leases.

These two measures, honourable senators, were announced as part of a package of measures to benefit Canada's transportation industries. The other measures announced at that time include changes to the capital cost allowance regulations which will increase the rate at which many transportation assets can be written off against taxable income; funding for an institute for research in trucking issues;, and funding for an owner-operators' trucking cooperative which will use bulk purchasing power to help reduce equipment and supply costs of for-hire truck owner-operators.

[*Translation*]

Honourable senators, the government firmly believes that a vigorous transportation industry is important for all Canadians—for consumers and businesses. I am sure that hon. senators will agree.

The measures contained in this bill and the other initiatives announced in December 1991 represent an important commitment of the government to Canada's transportation industry. These initiatives are the result of an examination of the tax system as it applies to this industry, in order to find ways to help the transportation industry face short-term cash requirements.

The excise tax rebate and loss compensation program is an important part of this package of measures for the transportation industry, and it is therefore appropriate to take a few minutes to discuss some details of the program.

The excise tax rebate for the transportation industry is designed to immediately benefit companies with large liquidity requirements by giving a partial rebate of the federal excise tax on diesel and aviation fuel.

The federal excise tax on diesel and aviation fuel is presently 4 cents a litre. This bill will give a rebate of 3 cents a litre on diesel and aviation fuel bought in 1991 and 1992.

Transportation companies that use fuel subject to the federal excise tax of 4 cents a litre are eligible for the tax rebate. However, companies that are exempt from income tax will not be eligible for this rebate.

Companies that choose to receive this rebate will be required to reduce their losses for tax purposes by $10 for every $1 of rebate received. This will target the benefits of the program to the companies that need it most.

Loss carry-forwards would normally be used to reduce taxable income in future years when a company is profitable. Companies that receive the rebate must realize these losses.

The rebate thus gives an immediate cash advantage in exchange for a lowering of the loss carried forward to offset income tax as the situation improves. With lower losses carried forward, companies will pay income tax sooner than if they did not claim the rebate.

Companies can apply for rebates on fuel purchased or imported in 1991, once the bill receives royal assent. Administrative procedures are in place to ensure that the rebates are paid quickly to eligible applicants.

Some other restrictions will apply to the rebates in order to target the benefits properly. No rebate will apply for fuel exempt from excise tax or when a refund or other rebate is payable. Aviation fuel used for international flights and diesel fuel for ships travelling in international waters are exempt from excise tax, for example, and therefore they will not be eligible for this rebate.

● (2240)

[*English*]

Honourable senators, in order to make it easier for independent owner-operators to access this program, this bill provides an alternative rebate which trucking businesses may elect to claim in place of the standard rebate. Under this simpler option, a rebate of 1.5 cents per litre on excisable fuel may be claimed up to a maximum of $500 annually. It will be significantly simpler as no assessment of the businesses' current or future income tax liabilities will be required.

This Excise Tax Transportation Rebate will give Canadian transportation businesses an important short-term boost — about $120 million in each of the two years. This will help to ensure that we maintain the vibrant transportation sector so essential for Canada's economic well-being.

The other important measure in this bill is the government's proposal to exempt from non-resident withholding tax all payments on cross-border aircraft leases negotiated on an arm's-length basis. The non-resident withholding tax is a tax imposed on most cross-border payments such as interest, rents and royalties, dividends and payments for business services. The statutory rate is 25 per cent, but this is often reduced in bilateral treaties to 10 per cent or 15 per cent.

Currently, the government provides an exemption for aircraft leases where the aircraft is used outside Canada. The industry has told the government that it is difficult to comply with this measure and that it has imposed operational constraints on Canada's airlines. Extending the exemption to all aircraft will simplify the provision and also enable Canadian carriers to access offshore leasing markets to finance new acquisitions. This exemption will apply to all lease payments made after the announcement date of December 6, 1991, for leases entered into after 1990.

The withholding tax exemption will cost the Canadian treasury about $15 million a year. The benefits to Canadian carriers, on the other hand, will be much greater because the current rules limit the ability of Canadian airlines to access foreign leasing markets.

Honourable senators, I hope that the National Finance Committee will have a chance to examine this bill. No doubt we will learn that the bill is welcomed by the transportation sector of the country, and that these two measures will give a timely boost to that industry.

[*Translation*]

Given the importance of these measures for the transportation industry and the whole Canadian economy, I ask you to support this bill and ensure that it is passed by the Senate as soon as possible.

On motion of Senator Molgat, debate adjourned until the next sitting of the Senate.

[*English*]

CONFLICT OF INTERESTS

CONSIDERATION OF REPORT—DEBATE CONTINUED

On the Order:

> Resuming the debate on the consideration of the Report of the Special Joint Committee on Conflict of Interests (subject-matter of Bill C-43, An Act to provide for greater certainty in the reconciliation of the personal interests and duties of office of Members of the Senate and of the House of Commons, to establish a Conflict of Interests Commission and to make consequential amendments to other Acts), tabled in the Senate on 10th June, 1992.

Hon. Dan Hays: Honourable senators, I realize that it is late. However, we are soon coming to the end of June and I would like to speak in some considerable detail on the Senate reform component of the current Canada Round of constitutional negotiations under this order. I will not go on at length

this evening, but I would like to start my remarks this evening and then adjourn the debate.

I understand that on this particular order of reference there is no time limit. Thus, I intend to make a full comment on this important part of our constitutional evolution.

It was my privilege to serve on the Joint Senate and House of Commons Committee on the Constitution. As my first comment, I wish to compliment all my parliamentary colleagues who were members of the committee for their diligence and hard work, in particular the co-chair. There are parliamentarians who continue to work at this task. They have my admiration for their perseverance and patience, and I think in particular of Mr. Clark in this context.

I want to draw on the Australian system as a useful example for Canada to build on. I believe that the system has some serious flaws but, nonetheless, it is a good example from which to work because of obvious similarities between our two countries.

There has been a persistent call in recent times from my home province for a reformed Parliament with an elected Senate that will result in a closer and more direct relationship with those we elect to represent us and, as well, address our concern that under the existing system we are not adequately represented in the federal decision-making process.

Most critics of the present structure have dwelt on government decisions that have favoured central Canada and entrenched the perception that a colonial mindset exists on the part of the federal government as reason for change. The reality is that from our point of view these unpopular initiatives are symptoms of a much larger and more serious structural problem within our system of governance.

When considering Senate reform, then, one should not simply point to the feelings of inequity amongst regions but, rather, consider the larger problem of how a reformed Senate could provide greater accountability and more equitable representation in a renewed and more democratic federal system.

The Beaudoin-Dobbie report contains recommendations that move us toward that end. Unfortunately, time constraints prevented the committee from completing its work in this area. My comments tonight are intended to advance the debate toward a workable proposal.

I am in agreement with the view of many Canadians that the problem with our parliamentary system is rooted in the evolution of intense or fierce party discipline and the concentration of power in the Prime Minister and those supporting the senior bureaucracy and ministers who support that office. The influence of those in Parliament must compete with the very senior bureaucracy and the necessarily small number of inner cabinet members who tend to have great influence on the Prime Minister.

[Senator Hays.]

Power is further concentrated since the Prime Minister appoints all ministers, deputy ministers, parliamentary secretaries, and has unparalleled influence in the appointments to the chairs of all but a few parliamentary committees.

Another very important and little discussed cause of the difficulty lies in the method of leadership selection practised by our political parties. Virtually all use the party convention system to elect their leader democratically. This makes the leader independent of the party caucus, the people actually elected by the voters, and results in parliamentarians not having influence over their leader that is typical, for instance, of the British or Australian parliamentary democracies. Please note recent caucus decisions made to change the leader of the British Conservative Party and the Australian Liberal Party.

The caucuses of Canadian parties do not have that kind of influence over their leaders, and if they did, I think their relationship would be much different. The caucus member would have a much more responsive leader.

● (2250)

As this results in an extraordinary concentration of power in the chief executive office of government and in support elements, I submit that this has been a major factor in further limiting Parliament's role by opening the door to rules which make it virtually impossible for parliamentarians to use debate and delay to pursue points about which they have strong views or positions. The consequence is that executive decisions are not tempered by or made with enough regard to those in Parliament. This in turn aggravates the problem, because if the parliamentarians' role is not very meaningful it will tend not to attract or maintain the interests of those elected to serve in that body except as a means of joining the executive. This in turn further consolidates the power of the Prime Minister.

Without the benefit of adequate input from Parliament, decisions are often made that are not sensitive to the representatives of the various regions or special interests of the country. Such initiatives aggravate the sense of powerlessness felt by the electorate, because they do not feel they have an opportunity to genuinely influence the initiative. We have tried to deal with this sense of powerlessness through an increasing decentralization of power to the provinces, but dramatic decentralization, which is one of the approaches proposed in shaping Canada's future together, was generally rejected by those appearing before the committee and in the conferences that were made part of the process, the reason being, in the view of those rejecting it, that this would result in a federal government that would be so unfocused as to create more problems with unity than it might solve.

Attention should be given to federal institutions and the need to make them work for all Canadians. This means a reformed Parliament that will diffuse power and provide an opportunity to make the executive accountable. An elected Senate is a key element in any such reform. The fundamental question that needs to be addressed through parliamentary reform is: What is the most appropriate means of ensuring that

the public will is carried out, in terms not only of efficiency but also of accountability. In my view the answer lies in large part in the details of a reformed Senate and the role of that institution in our bicameral system. Under the British system, the earliest example of bicameralism, members of the House of Lords owed their seats to heredity or to appointment by the Sovereign and represented aristocratic elements of society.

The British system forms the basis of the Canadian parliamentary system, as it does of many European states and that of the United States. I recall a witness before the committee talking of Montesquieu, who I gather played a great role in designing or forming the U.S. Constitution. His comment was - - I will never forget it—that Montesquieu understood the British Constitution; the British only had it. His role was to codify it and put it into words. That model forms the basis of ours and most constitutions.

Today, there is no need to represent the interests of the aristocracy, or property class, and there islittle acceptance for the traditional means of Senate appointments. However, the existence of a second chamber is supported by two main arguments: the desire to have within Parliament a revising chamber, or chamber of sober second thought, to help the popularly elected body with legislation and the need to provide a stable balance between the legislature and the executive. In federal states, bicameralism reflects the two-tier structure of the state, and usually an essential aspect of the federal compromise, by providing an institutional voice to small governments and perhaps also to minority groups against the popular majority of the lower house, and as such acting as a political bridge between the component parts of the federation and the central government.

There are several models of bicameral systems that could be used as the basis to restructure the Canadian Senate and Parliament. One that I believe provides a good framework is the parliamentary system that has evolved in Australia. The Australian Senate provides a good framework for Senate reform in Canada for a number of reasons. First, Australia is a federation with a similar inheritance of a British style of parliamentary government. Through various reforms, however, the Australian system has evolved to combine both the British parliamentary and the American congressional styles of government, and in this process has developed a unique system that continues to evolve.

The second reason Australia provides a good example is that it has similar problems with geographical diversity and a population base that is unevenly distributed across regions. By developing a Senate that is elected through a system of proportional representation, Australia has been able to provide better regional and special interest representation. In Australia, the Senate as the upper house of Parliament protects the regional interests of the states that form the commonwealth. The Australian Constitution provides the Senate with virtually the same power to legislate as the House of Representatives, subject only to limitations on the introduction of money bills and through its committee structure which scrutinizes legislation and the decision-making process of the government. It is the house of legislative review and acts as a check on the power of the House of Representatives.

Since the 1960s, the work of the Senate has been significant in two areas. First, it has provided detailed examination of legislation, in part due to the fact that the rules of the Senate do not limit debate on bills. The second important area of Senate activity is the investigation of public interest. In the Senate a range of standing and select committees regularly investigate and debate matters that would be subject to government control and manipulation if studied under the umbrella of the House of Representatives. Due to these activities, the government must work harder to convince senators outside the governing party of the merits of its proposals or it risks defeat. While this process has been viewed as painful by the executive, which unilaterally speaks in the name of public interest, the broadening of debate and the process of negotiated compromise has had an important and invigorating effect on the legislative process. Thus, the opportunity of compromise has enhanced the responsiveness of the parliamentary process at the national level in Australia.

In order to strengthen the Senate as a reviewing house, their Constitution provides that the Senate should have a continuing but rotating membership. Senators are elected for six-year terms, half of them being elected every three years. The six-year term for senators was adapted from the Constitution of the United States and was intended to provide senators with a greater degree of independence from electoral pressures than is possible for members of the House of Representatives, who have to go to the polls every three years.

The only way in which the fixed six-year term of senators may be shortened is by simultaneous dissolution of both Houses of Parliament. This is usually referred to as double dissolution. When a casual vacancy occurs in the Senate through resignation or death of a senator, a new appointment is made by the parliament of the state which that senator represented, or in the case of the territories by the legislative assemblies. Under section 15 of their Constitution, the vacant place should always be filled by a member of the same political party or group as the vacating senator's, unless absolutely impossible.

Senators are elected by the state to statewide constituencies. Each state has 12 senators and each territory has two. Since senators are elected from statewide electoral districts, changes in the state party system are likely to be transmitted to the national level through party contests for the Senate.

One of the characteristics of minor parties and independent representatives in the Senate is that it has not been evenly spread between the states. As a result, Senate representation tends to reflect the political identity of each state. Section 24 of the constitution provides that the number of members of the House of Representatives must be twice the number of senators, or as near that as practical. This provision, usually referred to as the "nexus provision", prevents the House of Representatives from becoming at any time disproportionately large in relation to the Senate.

A system of proportional representation before the election of senators was introduced in 1949. Prior to that, the system of electing senators was the plurality vote—first past the post, until 1919, and preferential voting—the alternative vote, until 1948. In both situations, Senate elections were held at the same time as the elections for the House of Representatives, which tended to encourage voters to make similar partisan choices in both houses. As a result, there was a strong tendency for senators to align themselves for or against the government at the expense of state or regional loyalties. By the 1940s, the Senate was regarded as ineffectual because of its inability to influence the governmental process.

● (2300)

The underlying principle of proportional representation holds that candidates and parties should win seats in proportion to the votes gained. The advantage of the system is that it tends to mirror the partisan diversity of the electorate. For example, if support by the electorate is evenly divided between two parties, elections under proportional representation will produce a similar division in the number of individuals elected.

In addition, proportional representation reduces the barriers for small parties and provides greater opportunity than in the plurality or majority system for minor parties to gain representation in the house. This system will, however, also elect minor parties and independent candidates with less than the established quota because of the transfer of surplus votes from those elected with more than the quota to those without. Most minor party and independent senators have been elected in that way.

Since the introduction of proportional representation, the Senate has become the prime national forum for new parties and single-interest issue groups to seek publicity for their policies. As a result, Australians now realize that they have two opportunities to express their partisan preference at national elections, and an increasing number appear to be voting for one of the major parties in the lower house but for minor parties in the Senate.

The consequence of this differential voting is greater representation of regional diversity. As a result, the Australian Senate provides an effective check on the executive branch of government because it is no longer directly aligned with the House of Representatives, having elections at a different time.

Honourable senators, because it is late and because my remarks are lengthy, I would propose at this time to stop. I would like to go on to the method of voting, a very important subject to comment on, because I have strong feelings about the method of election. Some of the things that I have said you may agree or disagree with, and hopefully I have prompted some questions. In any event, at this particular point, I move adjournment of the debate.

[Senator Hays.]

The Hon. the Speaker: Honourable senators, with the agreement of the house, perhaps the request of Senator Hays can be accommodated. I was about to rise and ask the house if it was prepared to allow Senator Hays to continue past the 15-minute time allotment. Since Senator Hays wishes to continue another day, is it the wish of the House to allow him to do that?

Hon. Senators: Agreed.

[*Translation*]

PRIVILEGES, STANDING RULES AND ORDERS

MOTION TO AUTHORIZE COMMITTEE TO CONSIDER PROPRIETY AND CONSTITUTIONALITY OF AMENDMENT TO RULES OF THE SENATE—MOTION TO AMEND ADOPTED

On the Order:

> Resuming the debate on the motion of the Honourable Senator Haidasz, P.C., seconded by the Honourable Senator Thériault:
>
> That the Standing Committee on Privileges, Standing Rules and Orders be authorized to consider the propriety and constitutionality of the changes and amendments to the *Rules of the Senate*, adopted by the Senate on June 18, 1991; and
>
> That the Committee report no later than June 11, 1992.

Hon. Jacques Hébert: Honourable senators, as you know, our colleague Senator Haidasz is in the hospital. It's nothing serious, but he will not be back in the Senate for the some time. Consequently, I move that the committee report on this matter no later than October 13, instead of June 18, 1992.

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, you are asking us to amend the motion by Senator Haidasz? We have no objection, but we maintain the position we took when I made my announcement on May 12, in other words, whatever the deadline happens to be, we are still against the motion, and if it ever comes to a vote, we will vote against the motion.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, I discussed this matter with Senator Lynch-Staunton, and we agreed. I agreed with what he just said, so we will change the date in the motion.

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

Some hon. senators: Agreed.

Motion agreed to.

ROUTINE PROCEEDINGS

[*English*]

CANADA MORTGAGE AND HOUSING CORPORATION ACT

NATIONAL HOUSING 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-82, to amend the Canada Mortgage and Housing Corporation Act and the National Housing Act and to amend another Act in consequence thereof.

Bill read first time.

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

On motion of Senator Lynch-Staunton, bill placed on the Orders of the Day for second reading on Wednesday, June 17, 1992.

The Senate adjourned until tomorrow at 2 p.m.

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THE SENATE

Tuesday, June 16, 1992

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

Prayers.

THE HONOURABLE DUFF ROBLIN, P.C.

TRIBUTES

Hon. Lowell Murray (Leader of the Government): Honourable senators, the Honourable Duff Roblin, whose attendance in this house and whose diligence in the performance of his senatorial duties over the past 14 years is unsurpassed, is today absent from the chamber. None of us is surprised. This is his last day as a senator. Had he attended he would have had to listen to tributes from colleagues on the occasion of his seventy-fifth birthday and his retirement from Parliament. We all knew that if Duff could escape this ordeal he would, and while I was tempted to try to conspire with other honourable senators and ambush him with a day of tributes earlier in the month, I thought better of it. Those of us who have not yet incurred his wrath are loath to risk doing so even at this late date.

A few days ago his caucus colleagues prevailed upon him to come to a dinner in his honour, as did the Right Honourable Joe Clark, who as Leader of the Opposition in 1978 was invited by Prime Minister Trudeau to recommend someone to fill a Manitoba vacancy in the Senate, and who recommended Duff Roblin.

As I have indicated, Senator Roblin's one glaring fault is his modesty. He has nothing to be modest about. There are, I am sure, few among us who have not envied his fluency, marvelled at his grasp of public policy, admired his diligence and respected his principled approach to politics and public life.

It is now 43 years since he was first elected to the Manitoba legislature. Leader of the Progressive Conservative Party for 13 years, premier for almost 10 years, he was one of the leading figures in rebuilding the Conservative Party in western Canada and nationally. When he resigned the premiership in 1967, the *Winnipeg Free Press* described his administration as "10 years of the most active and aggressive government in Manitoba's history." The *Free Press* went on to say, "Mr. Roblin has generally out-liberaled his Liberal predecessors in virtually every field of administration", an assessment Duff did not deny, saying simply that on taking office he had found "a staggering backlog of things that had to be done to pull Manitoba up to the level of most of the rest of Canada".

Among other things, Premier Roblin was one of the few anglophone leaders to have acquired an ability to speak French, which he had started to do during the Second World War during his service overseas. He built bridges from Manitoba to Quebec and to French speaking Canadians generally.

As a member of this house since 1978, he has been a proponent of Senate reform; yet his outstanding service as a parliamentarian in this chamber has brought distinction to the unreformed Senate of Canada. He served as Deputy Leader of the Government from 1979 to 1980, as Deputy Leader of the Opposition from 1980 to 1984 and as Leader of the Government from 1984 to 1986.

His interventions in the Senate's debates and in committees, whether on foreign affairs, economic and financial matters or constitutional and parliamentary practice, have been, without exception, stimulating and constructive.

For many us of who were starting out in political activity a generation ago, the young Premier Roblin was a model Progressive Conservative and an exemplary political leader. Now at the end of his parliamentary career he remains an inspiration to us. We thank him for his service to Parliament and, in my own case, for his counsel and his many acts of support and personal consideration.

We count ourselves fortunate as Canadians to have had for more than 40 years the service and the leadership of such a man in the public affairs of our country.

Hon. Royce Frith (Leader of the Opposition): Honourable senators, as the Leader of the Government has indicated, on June 17 a distinguished member of this house, Senator Duff Roblin, will depart from us. No doubt, taking into account the rest of his life up to now, he will depart for some other productive activity, probably in the interests of Canada.

He was a member for 14 years. I cannot remember the exact dates, but I believe he was appointed a matter of months after I was. I must say that for those 14 years I have sat here observing Duff Roblin with almost schizoid disagreement and admiration—disagreement with what he was saying, almost without exception, and admiration for the articulate, poised and professional way he said it, and that, without exception.

He was born in Winnipeg to C.D. and Sophia Roblin, and we know that the senator's political genes can be traced to his grandfather, Sir R.P. Roblin, who was Premier of Manitoba from 1900 to 1915. As the Leader of the Government has said, he was first elected to the Manitoba legislature in 1949. Nine years later, in 1958, he re-established the Roblin Manitoba dynasty when he became premier. He upset the long-established Liberal government of Douglas Campbell and formed the first Conservative administration in more than 40 years.

However, unlike his grandfather, Duff Roblin had very different ideas about the role of government and its relationship to the people. An illustration is that as Premier, Sir Rodmond

P. Roblin, his grandfather, argued against universal suffrage, saying:

> I think too much of woman to have her entangled in the mesh of politics. She would be stooping from the pedestal on which she has sat for centuries.

In the late 1950s and early 1960s, our colleague Duff Roblin, as Premier of Manitoba, worked diligently to ensure that all citizens of his province had equal opportunity to the benefits that society had to offer. The Canadian Encyclopedia, perhaps repeating what the Leader of the Government cited, describes his administration as:

> . . . one of the most active in Manitoba history.

There was activity in public works, education, French language rights in schools, and new hospitals.

In 1965, John Diefenbaker encouraged Duff Roblin to run in that year's general federal election. At first he was warm to the idea, but after much thought I understand he declined. Diefenbaker thought this was a mistake, and later wrote:

> Destiny was knocking on his door; had he not changed his mind, conceivably he would have been Prime Minister of Canada.

In 1967, Senator Roblin did enter the fray federally, resigning as premier in order to contest the federal leadership of the conservative party, albeit unsuccessfully.

Although very active in Manitoba politics, Duff Roblin considered himself a Canadian first. In his own words, and I am quoting from the *Winnipeg Free Press* of January 12, 1990:

• (1410)

> I always took the position, particularly when I was in public life in Manitoba, that my primary responsibility was to protect and develop the interests of the people of this province. But I always had a rider. I said I'm from Manitoba, but I'm a Canadian first. That's always been my position and I think that's the proper position.

Prime Minister Trudeau summoned Mr. Roblin to the Senate in 1978 and he became Deputy Leader of the Opposition and then Leader of the Government from 1984 to 1986. I remember when I was made Deputy Leader of the Government, he was Deputy Leader of the Opposition. I phoned him in Manitoba and said that I could perhaps use some advice as to this role of deputy leader. He gave me some good advice. He said:

> I think the most important element of the relationship between the deputy leaders is no surprises.

Whether or not I took that advice in all cases, I pass that on for whatever use it might be to Senators Molgat and Lynch-Staunton without further comment.

Even after 1986, Senator Roblin remained very close to the centre of things. He was always a strong supporter of the value of the Senate, although in 1983 he worried about its lack of independence. In a 1983 Ottawa *Citizen* article, Senator Roblin had the following to say on the usefulness of the Senate.

> Committees produce intelligent reports, he said, and "oceans of respectful good advice," but the upper chamber has become as fully deferential to the prime minister "as the House of Commons and has forgotten how to put its foot down."

I agree with that and that is why, as you may remember, some of us worked so hard after 1984 to change things and to have the Senate put its foot down. I always thought of Senator Roblin as much more of a "P" than a "C"— more of a Progressive than a Conservative. I found myself expecting sometimes, and often wishing, that we could have had more support on this side from Senator Roblin. But we did not because it turned out that while he may have been more of a Progressive than a Conservative in ideology, when it came to a vote he was still a Progressive Conservative party man.

Honourable senators, Senator Roblin has been very active in the Senate participating in committees such as Foreign Affairs, Energy, Environment and Natural Resources, and speaking on a variety of issues such as Senate reform and cultural diversity.

For many years, he and I were, I suppose, among the noticeably few here in favour of an elected Senate, after a trip which we shared to Australia in the early 1980s to examine the Australian system, where there is an elected Senate in a Parliamentary system.

I want to repeat something I have said in another context. I subscribe to the view— and I have found this is reliable—that all senators are distinguished. I have never heard, especially on occasions like this, a senator ever being referred to as undistinguished. But I cannot think of anyone in Canada who would not agree with me that one of our most distinguished Parliamentarians leaves us today—Senator Duff Roblin.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, my association with Senator Duff Roblin is somewhat different to that of other members of this chamber.

I have known Duff for many years. Duff was first elected to the Manitoba legislature in 1949, after a brilliant career in the Royal Canadian Air Force during the war. He served in the RCAF from 1940 to 1946 and attained the rank of Wing Commander.

He came into politics at a particularly interesting time. There had been a coalition government in Manitoba for many years. In a number of instances, there had been acclamations in constituencies, something quite different from the political structure that existed in most of Canada.

Duff came in opposed to the coalition. He fought against it. Indeed, the 1953 election was the first election in Manitoba in many years, going back to the 1930s, that was not a coalition election. In that election we ran as party representatives. I happened to run in the 1953 election as a Liberal and was elected. Thus, my immediate contact with Duff was from 1953 on.

In 1954, he became the Leader of the Progressive Conservative Party. We sat across from each other for the next four years, he in opposition and I on the government side, albeit as a back-bencher.

I have to say that I do not quite agree with the glowing tributes read by my colleague Senator Murray from the *Free Press*. Those of us on the other side of the chamber had somewhat different views of the Roblin administration than those expressed in the *Free Press*. That, however, is another story.

Duff continued for the next nine years as the Leader of the Government and the Premier.

It was a rather surprising stroke of fate that many years later we found ourselves in this chamber in exactly the same position again, facing each other in different parties. I found that our relationship in the Senate was somewhat better than the relationship we had back in Manitoba, where I had been the Leader of the Opposition from 1961 to 1968. I might add that it was never an unpleasant relationship. We did have major differences of opinion, of course, and we both expressed them vigorously.

Having said that, there are two issues on which he and I found ourselves in agreement, perhaps because of our background as Manitobans. Senator Frith referred to one of these issues. It concerns our attitude toward Canada.

There is a strong feeling in Manitoba that, while we are proud of our province, we are very much Canadians first. All through the years we have been firm believers in a strong central government. He and I had no differences of opinion in that regard.

The other issue on which we agree concerns the question of an elected Senate. Both he and I believe that it is a necessary reform. Again, perhaps it is because of our background as Manitobans that we believe that the Senate has a better role to play in regional representation. Duff championed the cause of an elected Senate through the years.

I wish him well in his retirement. I particularly want to wish Duff and his wife Mary a long, healthy retirement. We will miss him here. He always gave brilliant speeches.

Some Hon. Senators: Hear, hear!

Hon. Nathan Nurgitz: Honourable senators, I want to add a word or two to what has already been said in glowing tribute to our colleague Senator Roblin. I have always observed that for a man who has, since the age of 31 or 32, been engaged in public life he is an extremely private man. That is illustrated today by his not wanting to be here to listen to these tributes.

He has always appeared to me to be a person who was not a prisoner of ideology, but a very practical and principled person. I would agree with the Leader of the Opposition that he was always a great progressive and someone who, as Senator Molgat said, thought first of his country.

Many people in my province of all political stripes believe that the Roblin era, the time when he was the premier of our province, were the great progressive years of Manitoba. I would agree with that. He was a leader. He was my premier. To the extent that a mentor is a counsellor, a guide, he was certainly that to me. I will miss him here. I look forward, of course, to our continued friendship. I wish him and Mary a long, happy and healthy retirement.

[Senator Molgat.]

Hon. Heath Macquarrie: Honourable senators, Prince Edward Island is a long way from Manitoba. One might ask why Macquarrie is intervening. It is not just because I heard the word "progressive" underlined three or four times that I, as a Red Tory, should now try to attach myself to Senator Roblin, because I admit that in recent years I have been a good deal redder than was he.

I do have some background here. I spent nine years in Manitoba. I was there when the young man, Duff Roblin—I guess I was young too, although no one said so—rose to prominence. I was impressed by the recent article in the *Winnipeg Free Press* which described the coalition governments.

When I went to the legislative chamber in Manitoba and watched, I found it so dull compared with what went on in our chamber in Prince Edward Island. Then I realized that when you have a coalition government, there is not much incentive to be disputatious. By God, there was little dissent in the legislature of Manitoba at that time.

Then there rose this young man, who started off as an Independent Conservative, which is a very good way to start. He became the leader, he became the premier, and wrought miracles in Manitoba in relation to those who were not Anglo-Saxon and crowded down to the southern part of Manitoba. As I am sure Senator Molgat will remember, that is where the Conservative strength was.

He reached out to all groups. He learned to speak some Ukrainian and became proficient in French. He literally salvaged two of the great institutions in education in that province. I know whereof I speak. They are United College, from whence I graduated, and Brandon College, where I taught with great pleasure for some years. It was the progressive government of Duff Roblin that salvaged those two fine institutions. There was a time when all that was considered by certain boards about a university was whether its budget balanced, and to hell with what was going on with the students or the professors.

Duff Roblin is a great orator: incisive, crisp and sometimes a bit cryptic, as a matter of fact. He is vast in his knowledge, exhaustive in his interests. He came to Prince Edward Island during that great leadership campaign in 1967. As a committed supporter of Robert Stanfield, and at the same meeting that he addressed in Charlottetown, I said that I wished that this convention of our party was a dual riding like Queen's, where you could vote for two people. My choices would have been Stanfield and Roblin. When he played the bagpipes a little later, I wondered if I were not a little itchy in my persuasion.

Duff Roblin is a great man, a great orator, a great senator. I admire him and I know that there are great things in store for him and, because of him, for Canada.

Hon. Senators: Hear, hear!

Hon. Louis-J. Robichaud: Honourable senators, the remarks made by those who spoke before me are certainly not to be construed as an obituary but as an honest and sincere tribute to a colleague of ours. He was a colleague of mine from 1960 to 1967 when we were premiers of our respective provinces.

I attended many federal-provincial conferences with Duff Roblin. I attended also many premiers' conferences, which at that time we held in the first or second week in August. On one occasion in 1964 all the premiers were the guests of the Province of Manitoba and, more particularly, the guests of Duff and Mary Roblin. After a long day of hard labour around the discussion table he invited us to see a performance of "Hello Dolly", and we enjoyed it tremendously. A couple of days later he invited us to take a cruise on Lake Winnipeg, going from a port at one end to a port at the other end of the lake. We had to stay overnight because it was a 24-hour trip. It was very pleasant. I still thank Duff and Mary Roblin for their hospitality then.

• (1430)

I remember well the first time I met him. When I was the Leader of the Opposition in New Brunswick in 1959, I had occasion to visit Manitoba and I went to the Legislative Assembly and I introduced myself to him. He was very gracious. Shortly after I had met him and discussed matters of state, or matters concerning the provinces, I met the then Leader of the Opposition in Manitoba, who is now the Honourable Senator Gil Molgat. That was the first time I had met either of these gentlemen, and I was impressed with both of them. I was 32 at the time. The rest is history.

I want to tell Duff Roblin, his wife Mary and his children how proud I was of him, and I want to tell them that Duff Roblin is a great Canadian.

I could report certain things that he said about bilingualism in those days that would certainly be helpful to some people today, if they could hear those words today. He consistently talked about the Métis, because they were of special interest to him. He was an honest, dedicated, sincere, politician, but above all he was a great Canadian, and he still is.

Some Hon. Senators: Hear, hear!

SENATORS' STATEMENTS

GENERAL ELECTION

NUMBER OF DAYS LEFT IN CURRENT TERM

Hon. Royce Frith (Leader of the Opposition): Honourable senators, the election clock dates are 158 for the democrats and 544 for the non-democrats.

ULYSSES BY JOYCE

CELEBRATION OF "BLOOM'S DAY"

Hon. Royce Frith (Leader of the Opposition): Honourable senators, perhaps I can note for the Senate record, for those who are interested particularly in the great period of Irish playwrights and authors—

Senator Doody: "Bloom's Day"!

Senator Frith: —and those who think that *Ulysses* is one of the great works in English literature, that today, June 16, is the day on which all of the events in *Ulysses* took place in Dublin, and it is known and celebrated, every June 16th around the world, as Bloom's Day, after Mr. and Mrs. Bloom, the book's two main protagonists.

ROUTINE PROCEEDINGS

LEGAL AND CONSTITUTIONAL AFFAIRS

CANCELLATION OF COMMITTEE MEETING

Hon. Nathan Nurgitz: Honourable senators, if I may be permitted, Senator Stanbury reminds me that the Legal and Constitutional Affairs Committee is scheduled to meet today after the Senate rises. I wish to advise the Senate, however, that we will not be meeting today.

Senator Frith: Out of respect for "Bloom"?

Senator Nurgitz: Out of respect for Bloom or other matters. The witnesses are not available. Consent has been given for the committee to meet tomorrow at 4 o'clock in order to hear two witnesses from four to six. Mr. Harvie Andre, the Minister, will be present after 6 o'clock for the conclusion of the evidence on Bill C-81.

AN ACT TO AMEND CERTAIN ACTS WITH RESPECT TO PERSONS WITH DISABILITIES

BILL TO AMEND—REPORT OF COMMITTEE

Hon. Lorna Marsden, Deputy Chairman of the Standing Senate Committee on Social Affairs, Science and Technology, presented the following report:

Tuesday, June 16, 1992

The Standing Senate Committee on Social Affairs, Science and Technology has the honour to present its

SEVENTH REPORT

Your Committee, to which was referred the Bill C-78, An act to amend certain Acts with respect to persons with disabilities, has in obedience to its Order of Reference of Monday, June 15, 1992, examined the said Bill and now reports the same without amendment.

Respectfully submitted,

LORNA MARSDEN
Deputy Chair

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

On motion of Senator Marsden, bill placed on the Orders of the Day for third reading at the next sitting of the Senate.

SOCIAL AFFAIRS, SCIENCE AND TECHNOLOGY

NOTICE OF MOTION TO AUTHORIZE COMMITTEE TO STUDY SUBJECT MATTER OF BILL C-86

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, I give notice that tomorrow, June 17, 1992, I will move:

That the Standing Senate Committee on Social Affairs, Science and Technology be authorized to examine the subject matter of Bill C-86, An Act to amend the Immigration Act and other acts in consequence thereof in advance of the said bill coming before the Senate, or any matter relating thereto.

PRIVATE BILL

AN ACT TO AMALGAMATE THE MONTREAL BOARD OF TRADE AND THE CHAMBER OF COMMERCE OF METROPOLITAN MONTREAL—FIRST READING

Hon. John Lynch-Staunton (Deputy Leader of the Government), presented Bill S-12, to amalgamate the Montreal Board of Trade and the Chamber of Commerce of Metropolitan Montreal.

Bill read first time.

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

Senator Lynch-Staunton: Honourable senators, I would ask leave for this bill to be read the second time tomorrow and I should like to give a few brief remarks as to the reason why.

The Montreal Board of Trade was incorporated by the Legislative Assembly of the former Province of Canada in 1842 and the Chambre de Commerce du District de Montréal received its federal charter in 1867. Both groups have now decided to merge.

The merger was given unanimous approval by both memberships. The purpose and the advantages I will be happy to outline during second reading.

● (1440)

Some honourable senators may wonder why I am involved with this particular bill. The reason is that I was very actively involved with the Board of Trade of Montreal for a number of years, including serving one term as president.

The reason we would like to have second reading tomorrow is that both the Chamber of Commerce and Board of Trade would like to make the merger effective July 1, 1992, a date which has not been chosen by chance. To allow this to happen, and with the few days remaining both in this chamber and in the other place as far as our respective sessions are concerned, it would be very difficult to meet that deadline unless leave is given to proceed with second reading tomorrow.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, the Deputy Leader of the Government spoke to me about this matter. I told him that I would check with my colleagues. I regret to say that I will not be able to grant leave.

I want to make it very clear that our decision has nothing to do with the substance of the bill. The substance, in fact, seems to be very sensible. It is a question of principle, quite frankly. We believe—and I have mentioned this previously on a number of occasions on other bills—that we should follow standard practice. Delays are built into our parliamentary procedure for a reason. Delays permit anyone who has an interest in the question to know that Parliament is about to take some action so that they can be informed and be heard. When we do things with leave and skip the traditional and sensible delays built into the parliamentary system, we could be harming other people who may have objections.

Our decision is based not at all on the question of the objectives; rather, it is based on our belief that standard practice should be followed. If there are any individuals who object to this bill, they ought to have the opportunity to be heard in committee, and Parliament should never be accused of having abused the rights of any individual.

On motion of Senator Lynch-Staunton, bill placed on the Orders of the Day for second reading on Thursday, June 18, 1992.

ENERGY, THE ENVIRONMENT AND NATURAL RESOURCES

COMMITTEE AUTHORIZED TO MEET DURING SITTINGS OF THE SENATE

Hon. Daniel Hays, pursuant to notice of June 15th, 1992, moved:

That the Standing Senate Committee on Energy, the Environment and Natural Resources have power to sit at three thirty o'clock in the afternoon on Tuesday, June 16,

and on Wednesday, June 17, 1992, even though the Senate may then be sitting, and that Rule 96(4) be suspended in relation thereto.

He said: Honourable senators, I have a motion standing in my name at the end of today's Order Paper requesting that the Standing Senate committee on Energy, the Environment and Natural Resources have power to sit at 3:30 o'clock in the afternoon today, June 16, and tomorrow, June 17, 1992. I would ask leave that this motion be brought forward now and considered, since it appears that today's sitting could be quite lengthy.

We have arranged to hear a witness at 3:30 both today and tomorrow. The witness to whom this motion is most relevant is the one who is appearing today, in that it has taken us quite some time to arrange his appearance. I would appreciate, therefore, if the Senate would grant leave to have that item, which is 39 on the Order Paper, moved up so that it can be dealt with at this time.

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

Hon. Senators: Agreed.

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

Hon. Senators: Agreed.

Motion agreed to.

[*Translation*]

GOODS AND SERVICES TAX

PRESENTATION OF PETITIONS

Hon. Jacques Hébert: Honourable senators, I have the honour to present petitions signed by 76 citizens of Ontario who oppose the goods and services tax.

These petitions come mainly from Toronto, Oakville and Etobicoke.

I also have the honour to present petitions signed by 408 citizens of British Columbia who oppose the goods and services tax.

These petitions come mainly from Kamloops and Coquitlam.

So from one end of the country to the other, 484 citizens have clearly expressed their will. They do not accept and will never accept the GST, especially as it applies to books and periodicals.

[*English*]

Hon. Len Marchand: Honourable senators, I also have some petitions to present today. I believe, if my count is right, that I have approximately 94 signatures from Indian peoples around Ontario who are opposed to the Goods and Services Tax. These petitions have been gathered under the auspices of the Association of Iroquois & Allied Indians in London, Ontario. The signatures are from around Ontario: London, Thunder Bay, Scarborough, Little Grand Rapids, St. Thomas, Grassy Narrows, etcetera. They are in the appropriate form, and I commend them to you.

DELAYED ANSWER TO ORAL QUESTION

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, I have a reply to a question raised on June 15, 1992, by Senator Marsden regarding amendments to the Copyright Act.

COPYRIGHT

STATUS OF PROPOSED LEGISLATION

(*Response to question raised by the Hon. Lorna Marsden on June 15, 1992*)

The drafting of the new Copyright legislation is now under way.

This initiative is one of the Minister of Communications' top priorities and the government intends to introduce the next package of revisions as early as possible in 1992. To that end, the Minister of Communications and the Minister of Consumer and Corporate Affairs have announced the creation of a consultative committee representing both creators and users of copyrighted works. This will ensure effective input as the government proceeds to draft the legislation.

THE SENATE

SPEAKER'S CORRECTION

The Hon. the Speaker: Honourable senators, before calling Orders of the Day, I wish to correct a statement I made yesterday concerning the time allocation on speeches on the report of the Standing Joint Committee on a Renewed Canada.

I incorrectly advised Senator Hays that his speaking time had expired. I was not advised that the Senate had agreed on March 18 to suspend rule 38(4) with respect to the length of speeches on this report.

I apologize for any inconvenience I may have caused.

ORDERS OF THE DAY

CORRECTIONS AND CONDITIONAL RELEASE BILL

THIRD READING

Hon. Consiglio Di Nino moved the third reading of Bill C-36, respecting corrections and the conditional release and detention of offenders and to establish the office of Correctional Investigator.

Motion agreed to and bill read third time and passed, on division.

AIRPORT TRANSFER (MISCELLANEOUS MATTERS) ACT

BILL TO AMEND—THIRD READING

Hon. Lowell Murray moved the third reading of Bill S-11, to amend the Airport Transfer (Miscellaneous Matters) Act.

[*Translation*]

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, we had some fears about how the Official Languages Act would apply to this bill. We were satisfied with the answers given to us by the Commissioner of Official Languages. Therefore we do not object to passing this bill.

Motion agreed to, bill read the third time and passed.

[*English*]

CIVILIAN WAR PENSIONS AND ALLOWANCES ACT

WAR VETERANS ALLOWANCE ACT

PENSION ACT

BILL TO AMEND—SECOND READING—DEBATE CONTINUED

On the Order:

> Resuming the debate on the motion of the Honourable Senator Marshall, seconded by the Honourable Senator Robertson, for the second reading of Bill C-84, An Act to amend the Civilian War Pensions and Allowances Act, the War Veterans Allowance Act and the Pension Act and to amend other Acts in consequence thereof.

Hon. M. Lorne Bonnell: Honourable senators, I want to take this opportunity to congratulate Senator Marshall and his veterans affairs committee for their long, hard fight on behalf of the mariners of Canada, a fight which started way back in our report entitled: "It's Almost Too Late", and it was almost too late for many of those merchant seamen.

However, after a few amendments to the bill, I hope it can be passed quickly in order that the merchant seamen can immediately apply for War Veterans Allowance and receive benefits.

The Veterans Affairs sub-committee of the Senate has worked hard for this bill on behalf of merchant seamen and Senator Marshall has applied continuous pressure. The minister certainly deserves congratulations for getting the bill this far, considering that it is a time of restraint and there is a cutting of budgets of veterans and others. However, I believe that the minister acted because of the pressure and the demands from our committee and from Senator Marshall to answer our report: "It's Almost too Late".

Let me advise honourable senators what our report, "It's Almost too Late" asked for. The recommendations are as follows:

1. that at the earliest possible opportunity, the Government of Canada introduce legislation to extend full veterans benefits to all Canadian merchant seamen who served in dangerous waters in Canada's armed conflict;

2. that the War Veterans Allowance Act be amended to define as a veteran all merchant seamen who made at least one trip through dangerous waters;

3. that the Government of Canada prepare and place in the Peace Tower a Book of Remembrance honouring merchant seamen who died of enemy action in Canadian armed conflicts and, further, that suitable monuments to their sacrifices be erected;

4. that the residency requirement of the War Veterans Allowance Act and Part IX of the Civilian War Pensions and Allowances Act be amended to permit otherwise qualified veterans to apply for benefits outside Canada;

5. that the Canadian government take immediate steps to negotiate an agreement with the United Kingdom to exempt War Weterans Allowance from British taxes;

6. that the rates of compensation provided for under the Prisoners of War Compensation Act be reviewed with the objective of taking into account the severity of the POW regime forced on veterans by the award of additional compensation for each month deemed extremely severe, and that two additional categories be added at appropriate rates of compensation for those veterans who served 30 months and more as prisoners of war;

7. that for the purposes of establishing entitlement to the Veterans Independence Program, receipt of prisoner-of-war compensation be treated as proof of undiagnosed medical disability;

8. that the Veterans Independence Program immediately be extended to civilians who served in close support of the wartime armed forces, that is, as enumerated in Part XI of the Civilian War Pension and Allowance Act, and that these benefits be comparable to those offered military veterans;

9. that the cuts to the heavy housekeeping component of the Veterans Independence Program be fully restored;

10. that the Veterans Allowance Act be amended:

a. to establish a common age at which both men and women qualify for benefits and that this common age be 55 years of age, and

b. to make eligible for benefits all those Canadian service veterans of World War I and World War II who volunteered for unrestricted active duty, who were assigned to serve within the boundaries of Canada, who served for no less than 365 days, and who are in need;

11. that the Pension Commission give careful consideration to the psychological problems which may arise when the stresses of retiring and aging are combined with

those of blindness, and that these problems influence the assessment of applications for exceptional incapacity;

12. that peacetime service personnel pensioned under the Special Duty Pension Order be eligible for Veterans Independence Program benefits.

Many of those recommendations have already been taken into consideration. There are still some to be carried out. I am pleased to note that the first recommendation is here before us in this legislation.

All of us on this side support the legislation for the merchant seamen to receive benefits. Our biggest complaint is that it is almost too late; it should have happened a long time ago. Many seamen will be eligible, and many who are not presently receiving the War Veterans Allowance will now be able to receive it.

It is estimated that during July 1942, the allies lost one ship of 10,000 tonnes or more every ten hours, day and night, for the 31 days of July 1942. It has taken 47 years for those merchant seamen to be recognized and receive what they deserve by way of benefits. They have waited too long. Today, the average age of most of those merchant seamen is 71 years and older. Merchant navy veterans will now be treated equally with those veterans who served in uniform during World War I, World War II and the Korean War.

Most of the merchant navy veterans will receive full veterans' benefits and be eligible for the VIP program, the War Veterans Allowance and other benefits of the war veterans.

I am saddened to say that in this good legislation they threw in a provision which takes away benefits from those who are eligible, deserving and qualified. On page 10 of the bill, under "Resistance Groups", clause 10 reads:

> Subject to this Act but notwithstanding subsections 37(4) and (6), an allowance payable under section 4 or awarded under section 5, on or before March 2, 1992, to or in respect of a person who is a veteran by reason only of service in a resistance group shall continue to be paid during the lifetime of the recipient and shall cease with the payment for the month in which the recipient dies.

The widows of all other veterans, and I hope merchant seamen, can continue to receive the pension or part thereof after the veteran dies. However, when these resistance fighters, who are eligible and receive a pension, die, their widows will get no more help, no more support under this legislation. They will be cut off as of the day their husband dies.

Many of these resistance fighters, about 1700 or so, who have applied for disability pension are being told that as of March 2, 1992, no more applications will be received and regardless of their eligibility they cannot receive a pension. Many of them already had their applications in the works and had completed them, and now they have been told by the department that they must wait for the passage of this bill before their pensions will be received or approved. As a result many of these veteran resistance fighters are no longer eligible for pension under this legislation. They have been disqualified.

It certainly seems unfair that these resistance fighters, who, side by side with our forces during the war, worked on behalf of Canada and England—the British Empire—should be treated in such an unbalanced way, one being allowed to receive the pension because he applied last year and the other, who applied after March 1992, not being allowed to qualify.

I would like the minister to come to our committee to assure us that this discrepancy will be corrected. I do not want to hold up the legislation, because I do not want the merchant seamen to lose their benefits, but I want an assurance from the minister that he will look at this provision and make sure that these resistance fighters get a fair deal, and that resistance fighters who worked side by side will be treated the same way. Just because somebody did not apply in time or could not get his application filled out in time or could not get proof of age in time is no reason for being disqualified. Anyone who has the proper requirements—age, proof of work, proof of resistance—should be qualified regardless of this legislation.

Consequently, I ask that this bill be sent to committee so we can bring the minister in and get some assurance from him that these resistance workers will be treated fairly. I would also, at the same time, ask him why he did not include the Korean veterans who were on the navy ships after the Korean conflict was supposed to have been over. As far as I know they have not signed an armistice yet. It is just an agreement between North and South Korea. Many of our boys who were over there in the war zone are not eligible for a pension, or war veterans allowance, VIP benefits or other benefits, because of a certain cutoff when the agreement was signed.

Honourable senators, there are many things yet to be done. We on the Veterans Affairs Committee cannot stop now, simply because we have managed to push this legislation through. We have to work on behalf of other veterans who still find it "almost too late". With those few remarks I would ask that the bill be referred to committee.

On motion of Senator Lynch-Staunton, debate adjourned.

CANADA DEPOSIT INSURANCE CORPORATION ACT

BILL TO AMEND—SECOND READING—DEBATE CONCLUDED

On the Order:

> Resuming the debate on the motion of the Honourable Senator Simard, seconded by the Honourable Senator Oliver, for the second reading of Bill C-48, An Act to amend the Canada Deposit Insurance Corporation Act and to amend other Acts in consequence thereof.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, we have already had considerable debate on this bill. Senator Kirby, our spokesman on this matter and Deputy Chairman of the Banking, Trade and Commerce Committee, spoke on it in detail, as did I at the time.

We have some concerns about this bill based particularly on statements by Mr. Justice Estey; we are not completely satisfied that the bill does in fact correct the things it was meant to correct. Nevertheless, we are prepared to let the bill go to committee and at that time proceed with any further study that will be required. We are not objecting to second reading, although I want to make it clear we are not supporting the bill at this time. It will be passed on division, but we are prepared to let it go to committee.

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

Some Hon. Senators: Agreed.

Senator Molgat: On division.

Motion agreed and bill read second time, on division.

REFERRED TO COMMITTEE

The Hon. the Speaker: When shall this bill be read the third time?

On motion of Senator Sylvain, bill referred to the Standing Senate Committee on Banking, Trade and Commerce.

BANKRUPTCY ACT

INCOME TAX ACT

BILL TO AMEND—SECOND READING—DEBATE CONCLUDED

On the Order:

> Resuming the debate on the motion of the Honourable Senator Kelleher, P.C., seconded by the Honourable Senator Atkins, for the second reading of Bill C-22, An Act to amend the Bankruptcy Act and to amend the Income Tax Act in consequence thereof.

Hon. Royce Frith (Leader of the Opposition): Honourable senators, Senator Kelleher has pointed out that this bill represents a good attempt to reform the 43-year old Bankruptcy Act. The bill was given first reading in the House of Commons on June 13, 1991. The Standing Committee on Consumer and Corporate Affairs and Government Operations pre-studied the bill and reported on October 7 of the same year. It was subsequently read the second time and referred back to the same committee, which reported on May 22 with significant amendments but omitting a subject of great importance that I will mention in a few moments.

● (1510)

Bill C-22 is the seventh attempt over the past 16 years to amend the Bankruptcy Act, an act which dates back to 1949.

Honourable senators, the bill proposes reforms in seven key areas: Commercial reorganizations; consumer proposals; consumer bankruptcy; secured creditors and receivers; Crown claims and priorities; protection of unpaid suppliers; and certain technical amendments. Although it proposes reforms in those areas, there is one significant area for which it makes no proposal. However, let us first deal with what it does propose.

[Senator Molgat.]

The first proposal deals with commercial reorganizations. One of the objectives of bankruptcy legislation is, of course, to enable businesses to reorganize their financial affairs so as to avoid bankruptcy.

The Bankruptcy Act allows bankrupt or insolvent businesses to make reorganization proposals to their creditors. Once a proposal is filed, the act imposes a stay of proceedings on actions against the debtor by unsecured creditors. However, the act puts only minimal restraints on secured creditors. Secured creditors take priority in bankruptcies, often leaving little for unsecured creditors, especially when a stay of proceedings is imposed. This creates a situation where we have the creditor who simply has the right to sue, that is, the unsecured creditor, versus the secured creditor, who, of course, has the same right to sue but he also has the right to realize on security, mortgaged or otherwise, transferred as security to him.

Under the bill, an insolvent debtor would file a Notice of Intention to make a reorganization proposal. That would activate a stay of proceedings by all unsecured and secured creditors for 30 days. During this time, the debtor could attempt to formulate a reorganization proposal acceptable to its creditors.

The trustee for the debtor would hold a meeting for all secured and unsecured creditors to vote on the proposal. If a majority in number and 75 per cent in value of all unsecured creditors voting at the meeting approve the proposal, it would be submitted to a court having jurisdiction in bankruptcy for approval. Upon approval, the proposal would be binding on all unsecured creditors. However, it would be binding only on those classes of secured creditors who had voted in favour of the proposal with a majority in number and 75 per cent in value of the creditors in each of those classes. Classes of secured creditors who had not voted in favour of the proposal would not be bound by it.

The second area of reform deals with consumer proposals. The Bankruptcy Act allows an insolvent consumer to make a proposal under the act in the same manner as a commercial debtor. Bill C-22 offers some improvements so that consumers will have a better opportunity to negotiate a proposal to restructure their debts rather than declare bankruptcy.

A "consumer debtor", under the bill, would be defined as an "insolvent natural person"—natural in the sense of not being a corporate entity—whose debts, excluding mortgages on principal residences, were less than $75,000; and that amount itself could be changed by regulations.

Upon the filing of a consumer reorganization proposal, actions by unsecured creditors would be stayed until the proposal was fully performed, withdrawn, refused or annulled; and any proposal would have to be completed within three years.

The third proposed reform deals with consumer bankruptcies. The existing legislation provides for summary and ordinary administration in relation to the estates of bankrupt individuals. What we were just talking about was, of course, what we used to call "assignments" or "proposals". Summary administration is the more streamlined and less expensive method of the two. It applies where the assets available for distribution to the unsecured creditors do not exceed $500.

Bill C-22 would expand the eligibility of summary administration to cases where the amount of assets available for distribution to unsecured creditors was less than $5,000, or any other amount which may be prescribed.

The bill would also provide for automatic discharge for first-time individual bankrupts nine months after bankruptcy, which would eliminate the expense of discharge proceedings—and they can be expensive.

The fourth key area relates to secured creditors and receivers. Currently, the Bankruptcy Act does not deal with the conduct of secured creditors and receivers, even though the interests represented by a receiver are often in conflict with those of the debtor and unsecured creditors. The bill proposes a new Part XI of the act which would deal with secured creditors and receivers.

A "receiver" would be defined as a person who takes possession of all or most of the inventory, accounts receivable or the property of an insolvent or bankrupt person or business. Bill C-22 defines the duties of the receiver and is designed to promote disclosure and accountability.

While the act applies only to unsecured creditors, passage of the bill would extend the purview of the act to include secured creditors. A secured creditor who intended to enforce a security on business assets would have to give the debtor ten days' notice of the intention to enforce the security.

The fifth proposal relates to crown claims and priorities. Anyone who has done any work in this field knows that there is always, among others, a characteristic concern about the priority of Crown claims. The Bankruptcy Act gives both federal and provincial government claims preferred ranking over claims of unsecured creditors and often over those of secured creditors. Trusts and liens have largely been used to ensure the government receives outstanding source deductions for items such as income tax and unemployment insurance.

Subject to listed exceptions, such as claims for source deductions, the bill would limit Crown priority and it would, thus, lose its preferred creditor status. Debt owed to the Crown in bankruptcy proceedings would be treated the same as debt owed to all other unsecured creditors except for income tax, contributions to the Canada Pension Plan and unemployment insurance premiums.

I would pause to ask honourable senators to take note of those who will be looked after in the new act, because I have something to say about a very important group who are not.

The sixth proposal deals with unpaid suppliers. The existing legislation provides no special right to suppliers of goods to reclaim those goods in the event of a bankruptcy. Bill C-22 would give unpaid suppliers the right to repossess merchandise delivered to a purchaser who became bankrupt or went into receivership, subject to a number of conditions. If, of course, the creditor had a lien against the goods supplied, that would make them a secured creditor and, therefore, they would not be in the category we are discussing which is unsecured and unpaid suppliers.

The supplier would have to make a written demand for the goods within 30 days after their delivery. The demand would have to be made when the purchaser was bankrupt or in receivership. That seems obvious, but you will remember we dealt with a situation where proposals could be made before the debtor was bankrupt or in receivership.

The goods would have to be in the possession of the purchaser, trustee or the receiver, that is, they could not have been sold to a third party. The goods would have to be identifiable, in the same state as when delivered, and not fully paid for. Where the goods had been partly paid for, a supplier would have a right to repossess a portion of the goods proportional to the amount owing, or to repossess all the goods after repaying the sum previously received. The right to repossess the goods would expire if not exercised within 10 days after the purchaser, trustee or receiver had confirmed the supplier's right of repossession.

The last of the seven proposed reforms deals with technical amendments. Although they are technical in nature, they are important. The proposed technical amendments in this bill will correct deficiencies in the Bankruptcy Act that had been found to exist over years of administration, to improve the administrative efficiency of the bankruptcy process, and to clarify or codify current practice and jurisprudence.

Maximum fine levels for many of the offenses would be increased from $1,000 to $5,000. The court would be empowered to direct that an offender—somebody attempting to fraudulently transfer goods to creditors—perform community service and to order an offender to pay compensation to any person who suffered loss or damage or to the trustee as a result of an offence under the act.

The bill also provides for a comprehensive review of the operation of the act by a parliamentary committee three years after it comes into force, which is another good technical amendment.

Those are the seven "good news" amendments, if I may call them that, proposed to the Bankruptcy Act for which the government and, specifically, the proposers of this bill should be congratulated.

● (1520)

But Bill C-22 runs the risk of not being remembered for those provisions but rather being remembered for what is missing, because Bill C-22 contains no provisions for wage earners. Workers who are unemployed due to bankruptcy and to whom hundreds, even thousands, of dollars are owed in salary are left out. But it is important to say, parenthetically, that

usually the claims of wage earners are in the hundreds or low thousands of dollars.

Nevertheless, the timing of Bill C-22 could be considered as good for the government. Not only is the current Bankruptcy Act over 40 years old, but it is our view that the government, through its economic policy, has managed to lengthen and deepen a record-setting recession.

Make no mistake, for thousands of Canadian businesses, this recession is indeed record setting.

When Bill C-22 was introduced in the House of Commons over a year ago, it was already too late for thousands of Canadian individuals and businesses. If not for the government's intransigence and unwillingness to compromise, this legislation might have passed last year before the number of bankruptcies started to spiral out of control.

In 1990, 54,424 Canadian consumers and businesses went bankrupt. In 1991, bankruptcies jumped 39 per cent to almost 76,000. The casualty count for this recession is almost twice as bad as for the recession of 1982, in which about 24,000 businesses went bankrupt. There is no light at the end of the tunnel. In March of this year, bankruptcies jumped to 7,057, 13 per cent more than in March 1991 and 5 per cent more than this past February. Couple that with the highest unemployment rate in seven years at 11 per cent, and this has indeed been a record-setting recession, one in which the number of bankruptcies has increased, and in which the suffering of businesses and workers has increased.

It is often the case with business bankruptcies that the people most in need of protection are the workers. That is because wage earners are, of course, unsecured creditors. They have to stand in line while secured creditors, like banks and others, divide up the assets. Unfortunately, after these secured creditors are through, little money remains to pay the salaries owed to the employees of the bankrupt firm.

When I say something better could have happened, I mean that Bill C-22, originally called the Wage Claim Payment Act and Bankruptcy and Insolvency Act, initially proposed that employers pay a special tax to ensure that employees would be paid in the event that a business failed. I recognize that the idea of such a tax is not without controversy.

How did the government expect Canadians to endure their thirty-third tax increase since 1984? That is what it would have been. It is beyond the comprehension of those of us on this side of the chamber. In the midst of a record-setting recession, that naturally attracted opposition.

Then the government expected businesses to trust it not to raise the tax as the number of bankruptcies climbed?

Moreover, this tax was to apply to universities, school boards, hospital associations, and every public corporation in the country, all of which cannot go bankrupt. In other words, these groups would be paying the tax and funding a program to which their employees would never have access.

[Senator Frith.]

The Liberal Party, and even some backbenchers on the government side, I understand, would not stand for such a tax. Alternatives were put forward. It was suggested that, instead of a new tax to fund wage earners' claims, workers who had not been paid due to bankruptcy would be given something called "super priority" in bankruptcy proceedings.

There was unanimous consent in the committee in the other place to give super priority to wage earners. In effect, super priority would place the workers ahead of the banks and other secured creditors in bankruptcy proceedings. Unfortunately, the government said no.

Many felt that the big banks had won at the expense of the unemployed worker. In an effort to break the impasse, there were discussions about using the unemployment insurance system.

There were also discussions about a new tax on the assets being disbursed in a bankruptcy to the big financial institutions, since they currently do not pay any fee to the Superintendent of Bankruptcy. Unfortunately, again, the government said no.

Once again, the feeling was that the big banks and other types of secured creditors had won at the expense of the unemployed worker.

Remember, I listed seven areas where laudable amendments had been made. Instead of persevering to rebalance the act and agreeing that workers have an interest in amendments to an act that is over 40 years old, the government took the easy road and lopped off all provisions dealing with wage earner protection. Why did they not settle down to work out something that would at least recognize the principle of wage earner protection and then put such a principle into practice?

It is unfortunate that, after 43 years, the changes to the Bankruptcy Act proposed by Bill C-22, do not advance the cause of the average worker. It is a missed chance. And, as we see here, these chances do not come by often. It looks like once every 40 years or so. It is unfortunate that in these years of record-setting bankruptcies, there is nothing in this legislation to ensure that thousands of Canadians left unemployed due to bankruptcy can be paid at least what they are owed.

It is unfortunate that, in the face of pressure from those interests who would have to give up some of their protection and priority to benefit the worker, the government refused to consider any alternatives to the employer tax. As I say, I can think of arguments against the employer tax scheme, but there were alternatives that were put forward by the committee in the other place and by the opposition.

If the polls are any indication, Canadians do find the last four years of Conservative government most unfortunate. According to Mr. Gallup, 82 per cent feel that the government is not handling the economy properly.

Such a glaring missed opportunity to have some amendments to benefit the employees of bankrupt firms, such a glaring missed opportunity to soften the consequences of this government's mismanagement of the economy, may be part of the reason for the people's disillusionment with the way the government has managed the economy.

I agree with the principle of the bill, but we will have something to say in committee about its lacunas. 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?

On motion of Senator Lynch-Staunton, for Senator Kelleher, bill referred to the Standing Senate Committee on Banking, Trade and Commerce.

[*Translation*]

CUSTOMS ACT

CUSTOMS TARIFF

EXCISE TAX ACT

BILL TO AMEND—SECOND READING—DEBATE CONCLUDED

On the Order:

> Resuming the debate on the motion of the Honourable Senator Barootes, seconded by the Honourable Senator Buchanan, P.C., for the second reading of Bill C-74, An Act to amend the Customs Act, the Customs Tariff and the Excise Tax Act.

Hon. L. Norbert Thériault: Honourable senators, briefly, I think that this bill is further striking evidence of this government's incompetence.

In principle, no one can oppose this bill, but it should have done better. When it is studied in committee, most committee members could take the opportunity to accept some amendments that I believe should be in this legislation.

[*English*]

Honourable senators, as stated yesterday by Senator Barootes, Bill C-74 is mainly a technical bill which must be accepted. As I said a moment ago, it is again proof of the incompetence of this government. When this government took over in 1984, one of the first things the Prime Minister did was to go to the United States and, in the midst of the glare of all the publicity possible, announce that Canada was now open for business, as if it had been impossible for Americans or others to do business in Canada up until 1984.

Then the government proceeded with its so-called free trade agreement, again as if there had been no trade between Canada and the United States until 1988 when the so-called free trade agreement was implemented. The fact is that during those years the Prime Minister and every Conservative spokesperson in this country told us that the free trade agreement was the best thing that could ever happen to Canada, and that it would save consumers between $800 and $1,200 a year in lower prices alone.

Senator Murray: Premier McKenna supported it very vigorously, as my friend will recall.

Senator Thériault: Premier McKenna is like everyone else; he is human and he has made a few mistakes.

People were told that eventually, under the free trade agreement, they would be able to cross the border any time they wanted and bring back their goods at a cheaper price, and that it would be heaven on earth in Canada. However, the end result was never mentioned. The end result is the greatest spree of cross-border shopping in the history of this country. This is the situation now.

In the meantime, there was legislation introduced to deal with mail order transactions in Canada and the United States. As Senator Barootes said yesterday, this bill will try to bring a level playing field to mail order shopping. The bill proposes several technical changes to customs legislation and is scheduled to take effect on July 1. The most important aspect of the legislation for the general public has to do with Schedule VII of the Income Tax Act. This section deals with the importation of products through the mail.

Currently, Canadians can purchase goods duty free and GST-free from American mail order firms like L.L. Bean, provided the imports are valued at $40 or less. Bill C-74 would reduce that exemption to $20. The government is essentially saying that it goofed, because in its first term it increased the exemption to $40. The exemption was $25 previously, but this government increased the amount of merchandise that could be brought into Canada tax free by mail order from $25 to $40. I suppose this was another result of the boosting that Canada was open for business, and an indication to the Americans that we would buy everything from them.

As also pointed out by Senator Barootes yesterday, the end result of increasing that exemption to $40 was that an American mail order firm could make the regular profit on a $40 article while a Canadian firm would have to price the same merchandise at $50 because of GST and provincial sales tax. That is the difference.

We know that cross-border shopping has flourished in the last three or four years. If senators and other people in government had any contact with the average Canadian, they would soon find out that three things are driving regular Canadian shoppers to the United States: gasoline, cigarettes and alcohol. People really do not talk about it publicly, but any truckers who live within 30 or 40 miles of the American border anywhere in Canada fills up their 200-gallon tanks across the border. It pays them to go even 50 miles to cross the border and fill up their tank. That is just for gasoline or diesel fuel. Once they are there, of course, they buy other things.

In the Atlantic provinces last winter, people were organizing bus tours from Cape Breton, 300 to 400 miles away from

the American border. They could not keep enough buses on the highway to bring Canadians from Cape Breton to shop in the United States. The main reason for such activity is the tax grab now under way by the provincial and federal governments.

The so-called sin taxes on alcohol and cigarettes, plus taxes on gasoline, make it worthwhile for Canadians to shop in the United States. I think it is wrong. I do not care whether it is McKenna, Bob Rae or Mulroney who is responsible, it is just bad government and bad economy to impose that level of taxes on cigarettes, alcohol and gasoline.

I do not encourage people to smoke or drink. That is not the point. The point is that people do smoke and do drink. Generally speaking, smokers today are the less well-to-do people. I know there are a few rich ones in this chamber who still smoke. I suppose that not too many senators on the other side of the house have contact with average, ordinary people, but anyone who talks regularly with average people will tell you: Such people smoke and they will continue to smoke. It is too bad. They should stop. Governments should put a lot more effort into educating people, when they are young and in school, not to smoke. However, all of this has driven people to cross-border shopping.

Now the government brings forward Bill C-74 which it says will help the mail order business. However, the Canadian mail order houses will not really be helped by this piece of legislation, for the simple reason that $20 is still too high. People will order items from the American mail orders houses that cost $20 or less. If they have to make three, four or five mail orders, they will, because of the difference in price. Therefore this bill will not achieve what it sets out to do.

Furthermore, as pointed out by Senator Barootes yesterday, customs will have an agreement with Canada Post to charge $5 for handling parcels. I am sure Senator Barootes knows that the Americans charge Canadians $10. So why are you again talking of a level playing field? With this bill you are not producing a level playing field for the Canadian mail order houses. They are only charging half as much as the Americans charge the Canadian customers. Is it again the great branch plant mentality of the Prime Minister that prevents us from doing things that are right for the Canadian people?

The mail order business has increased tremendously, but it almost stopped increasing in Canada in 1985. However, it is still increasing in the United States at the rate of about 12 per cent a year. The information that I have tells me that most of that increase in the United States comes from Canadians shopping through mail order houses in the United States of America. This will not do the job.

If you really want to do the job instead of talking about doing the job, why would you not accept the amendments that were suggested to you, namely, that this figure of $20.00 should be reduced to $5.00 if you want to get it right; and get agreement to charge $10.00 for the handling of parcels that are bought in the United States and are to be delivered to Canadians, the same charge that the Americans make to Canadians. By doing so, you would have had not simply a piece of legislation that pays lip service to free trade but also an effective piece of legislation.

[Senator Thériault.]

Personally, I think that the whole thing is wrong. I would have hoped that with the free trade agreement it would have been "free trade". If we had received the kind of agreement that we should have received from the Americans, it would have been "free trade".

However, we did not achieve a level playing field and we will not achieve a level playing field with this piece of legislation because it goes only a small way to helping the mail order business in Canada, which has lost over 4,000 jobs in the last few years. It may stop such businesses from going broke, though. I accept this bill, but it is not what it should have been.

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?

On motion of Senator Barootes, bill referred to the Standing Senate Committee on Banking, Trade and Commerce.

TRANSPORTATION OF DANGEROUS GOODS BILL, 1992

SECOND READING

On the Order:

> Resuming the debate on the motion of the Honourable Senator Atkins, seconded by the Honourable Senator Keon, for the second reading of Bill C-45, an Act to promote public safety in the transportation of dangerous goods.

Hon. William J. Petten: Honourable senators, I should like to congratulate Senator Atkins on his comprehensive explanation of Bill C-45.

As all of you know, those of us from Newfoundland usually like to spin a good story before we come to our point. Today, however, I want to say right off the bat that I support Bill C-45 on the transportation of dangerous goods. I want to say that right away because I also have some serious reflections on the transportation of dangerous goods in Canada, and I do not want any honourable senator to think that those reflections are meant in a partisan way.

My concerns are based on history: Some personal history, some national history and some world history. On a personal level, I think back to the first speech I gave in this place. Everyone's good friend, the honourable Paul Martin, convinced me back in 1969 to introduce Bill C-157, the Pest Control Products Act.

Honourable senators will recall that during the 1960s we made great strides in improving insecticides for the benefit of

Canadian farmers. Bill C-157 helped to ensure that the manufacturing, importing and distributing of insecticides was carried out in a safe manner.

Quite frankly, at the time most of us did not know the real dangers that insecticides could pose. We did not know that DDT could cause harm to the genetic makeup of some species of birds. We did not know that there might be natural alternatives to complex chemical sprays. We did not know that while we were saving crops we might be harming human beings. We now know these things and we know that, whenever possible, we must use safe alternatives. It is no longer a question of just transporting pesticides to our farmers in the safest fashion; it is a question of finding products which are safe to begin with.

When reflecting on our recent national history, I recall the terrible train explosion in Mississauga in 1979. Honourable senators will remember that a train of 24 cars carrying chlorine gas derailed in Mississauga. There was a frightening fireball and a cloud of poison gas. Nearly one quarter of a million residents of Mississauga had to be evacuated from their homes for several days.

At the time, none of us thought that such an explosion would ever really occur. We were so pleased that Metropolitan Toronto was becoming a major world centre of commerce, trade and transportation that we did not consider closely enough some of the risks involved.

We now know better. Now we know that when it comes to a question of safety versus dollars, safety must always come first. It is no longer simply a question of finding the cheapest routes for carrying toxic products; it is a question of whether we should ever put the lives of thousands of people at risk just so we can boost the economy.

When I reflect not just on personal experiences and Canadian experiences, I realize that the experiences of our entire planet have given us a new view. For many years, even when we came to appreciate that dangerous products might cause harm to our local communities, most of us did not appreciate that our actions might be threatening the wellbeing of the earth. Most of us did not know about sustainable development or greenhouse gases or depletion of the ozone layer.

But now we do know. We know that an accident involving dangerous chemicals in Canada may affect the environment of the entire world. We know that it is no longer enough just to control environmental dangers. We must strive to eliminate them. That is what the recent Earth Summit in Rio de Janeiro was all about.

Honourable senators, as we consider the bill before us, I hope that we will all support the bill. I hope that honourable senators will also think about ways in which we can go beyond the scope of this legislation. While it is certainly worthwhile to improve the methods by which we transport dangerous goods, it would be even more worthwhile if we could find means of reducing the production of dangerous goods.

The purpose of Bill C-45 is to promote the safety of people, property and the environment. I support that goal and I commend the government for the bill. Surely, though, we can go further. Surely as citizens of the most blessed country on earth, we must go further.

Honourable senators, this bill is good. In the future, I hope we can do even better.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

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

On motion of Senator Lynch-Staunton, for Senator Atkins, bill referred to the Standing Senate Committee on Transportation and Communications.

● (1550)

ENERGY EFFICIENCY BILL

SECOND READING—DEBATE ADJOURNED

Hon. Brenda Robertson moved the second reading of Bill C-41, respecting the energy efficiency of energy-using products and the use of alternative energy sources.

She said: Honourable senators, the government's intention to present this legislation was announced in the Green Plan released in December 1990, stating that it would provide for the regulation of minimum energy efficiency levels in energy-using equipment and the labeling of products to convey information on energy use and the collection of statistics on energy use.

Since the August 1989 communiqué of the federal-provincial territorial energy ministers, which called for the development and adoption of national energy efficiency standards for energy-using equipment, the provinces have often remarked on the need for such federal legislation and have asked when this legislation will be forthcoming.

The Department of Consumer and Corporate Affairs and the Department of Energy, Mines and Resources have had a long-standing agreement that EMR is to take over the statutory authority for the Energuide program. The Energuide program will become an expanded energy labeling program under the Green Plan initiatives.

Statistics collection will permit the proper evaluation of the impact of the energy efficiency and alternative energy initiatives outlined in the Green Plan and the assessment of possible future initiatives.

The act, honourable senators, provides for the establishment of minimum energy efficiency standards for energy-using products, doors and windows; the labeling of energy-using products, doors and windows to convey information on their energy efficiency; and the collection of statistics and information on energy use and alternative energy.

The act will also create offences and penalties and contains enforcement provisions that are comparable to those provided

under similar federal statutes, appropriate to the regulatory scheme being created, and consistent with the Charter of Rights and Freedoms.

The act also clarifies the authority of the Minister of Energy, Mines and Resources to enter into agreements with any party—a provincial government or a third party of any sort.

The act makes grants and contributions and otherwise promotes energy efficiency and alternative energy.

This is not a complicated piece of legislation, honourable senators. It was supported in the other place by both sides of the chamber, and when it went to committee, the committee accepted the few amendments that were put forward by the opposition. Following that, it went quickly through the House.

I would urge your support of this important, small piece of legislation.

Hon. Senators: Hear, hear!

On motion of Senator Molgat, debate adjourned.

[*Translation*]

CRIMINAL RECORDS ACT

BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

Hon. Gérald J. Comeau moved the second reading of Bill C-71, an Act to amend the Criminal Records Act and other Acts in consequence thereof.

He said: Honourable senators, I am pleased to rise today to begin debate on second reading of Bill C-71, an Act to amend the Criminal Records Act.

The government recognized there was a need for legislative reform to create a more effective pardons system, to improve service to growing numbers of eligible ex-offenders, to achieve cost savings and to reduce delays in the granting of pardons.

The goal was to find a way to reform the system, while maintaining the important balance between providing relief to an ever-increasing number of applicants, ensuring that the public is protected and creating a more efficient criminal records system.

The present system of granting pardons has been under pressure due to rising numbers of applications and inevitable delays caused by the cumbersome process for review, investigation and decision required for all applications. This has resulted in rising costs and a growing backlog of cases. Overall service to the public has suffered.

[*English*]

A statistical survey of the system of granting pardons reveals that from 1980 to 1990 pardon applications increased by 261 per cent, from 7,100 annually to over 25,000. In contrast with the increased volume of applications, the processing capacity of the pardon system has remained relatively stable. The National Parole Board and the Royal Canadian Mounted Police are able to process about 10,000 cases per year. The average processing time has grown to 18 months. Some people have waited for well over a year for a decision on their application. Resources were unnecessarily used when they should have been concentrated on the most serious cases. There are currently about 20,000 cases in the backlog, and this will grow to 50,000 cases by 1995 unless corrective measures are taken.

The principal changes being proposed will respond to the needs for reform which have been identified by many interested organizations. The public, parliamentarians and criminal justice agencies have all voiced strong support for these amendments.

Under the Criminal Records Act, or the CRA, the bill will give authority to the National Parole Board to grant all pardons for indictable offences. It will also give the NPB authority to issue pardons for lesser offences, that is, summary convictions.

The bill proposes that the RCMP purge all discharges from the criminal record and therefore remove them entirely from the pardon process. Currently, those people granted discharges must apply for a pardon to have their record sealed, even though they have not been convicted.

The bill will allow the government to automatically seal the records of those discharged either one or three years after the discharge, depending on whether the discharge was absolute or conditional, without requiring an application or investigation. This step has been urged by many and will remove approximately 5,000 pardon applications a year from the system. It will also allow resources to be better focused on the more serious cases, while in no way affecting the safety of the public.

• (1600)

Some have suggested that this automatic purging of the record should take place sooner than is being proposed. The government feels it is necessary, however, to retain the information for the period outlined. This will allow the fact of the discharge to be considered by the courts, should the offender choose to re-offend immediately, thereby indicating a continuing criminal lifestyle.

This bill proposes the retention of five years of conviction-free "good conduct" as the requirement for a pardon for serious or indictable offences. The National Parole Board will narrowly interpret "good conduct" to mean that the ex-offender has shown no behaviour of a criminal nature.

Within the National Parole Board, additional guidelines will be developed to identify offences which would normally be the focus of the extensive investigation of "good conduct" before a decision to grant or deny parole. This group of offences would involve personal harm or violence, sexual offences and serious drug offences.

For summary conviction offenders, the government has chosen to increase the waiting period to three years from two;

but to require that the ex-offender be without conviction during this period to indicate a crime-free lifestyle. There will no longer be the requirement that a decision be based on the judgment of "good conduct" in addition to the requirement of a conviction-free period.

By this amendment, the government will remove a further 3,500 applications a year from the necessity of extensive discretionary decision-making and thereby accelerate the process. Once pardoned, if a person should re-offend, the pardon will be automatically revoked if the offence is an indictable one. If the new offence was a summary conviction, the Solicitor General could unseal the record to make it available to the court for sentencing purposes.

The purpose of the Criminal Records Act should be to protect the privacy of those ex-offenders who have proven by their actions that they can live crime-free lives in the community. It must never be used as a shield to confound the courts or diminish the appropriate penalty for a new offence because the court is unaware of the continuing pattern of criminal behaviour. Therefore, the decision to allow for automatic revocation of a pardon in the case of a future conviction for an indictable offence will ensure easier court access to records for the purpose of sentencing any repeat offenders who may have been granted a pardon.

The same principle applies to the provision to maintain a file relating to discharged offenders for a short period of time following their discharge. The one-year wait after an absolute discharge and the three-year wait after a conditional discharge before the record is purged will allow the court to be apprised of the relevant information should the offender continue to contravene the law in the interim.

The bill expresses concerns raised by the police community by improving access to identification information contained in pardon records for the purposes of police investigation.

The act will stipulate that certain types of prohibitions or disqualifications, such as a ban on owning firearms, or the disqualification from driving, will not be lifted despite the granting of a pardon. It is imperative that, if the courts have determined that in the interest of public safety, a person should not be allowed to drive a car or to own a firearm, this prohibition should remain in effect regardless of the granting of a pardon from other offences and for other purposes.

While the amendments will result in a less cumbersome system for all ex-offenders, there is the recognition that more serious offenders should wait the longer period before being pardoned.

In addition, the bill proposes that investigative and discretionary decision-making resources be focused on those cases of a more serious nature. Ex-offenders who are perceived to pose less risk to the public will be dealt with through a less extensive procedure.

This is the type of reasonable approach to criminal justice matters which the public rightly demands.

[*Translation*]

Some have asked why this bill does not go further. Why does it not expand protection to seal or destroy records held by provincial or local police officials?

Why does it not control the use of criminal history information in the private sector? Why does it not compel American immigration and criminal justice authorities to allow unfettered entry to the U.S. of those Canadians who have received a pardon?

Honourable senators, we recognize that the scope of these amendments is restricted to improving the Criminal Records Act. This Act does not impose restrictions on the use of "records of conviction". Accordingly the amendments cannot intrude in areas of provincial responsibility nor can they provide extra-territorial protection to Canadians.

While these may be valid and appropriate concerns, for now they will remain problems to be dealt with in the future through other more appropriate mechanisms.

In conclusion, I would like to say that I think the changes which are before us follow a proper middle course between various proposals which have been previously discussed.

I believe that the amendments respond effectively to the various problems in the current system.

I would therefore like to move that Bill C-71 be referred to the Standing Committee on Legal and Constitutional Affairs.

On motion of Senator Lewis, debate adjourned until the next sitting of the Senate.

STATUS OF THE ARTIST BILL

SECOND READING—DEBATE ADJOURNED

Hon. Solange Chaput-Rolland moved for second reading of the Bill respecting the status of the artists and professional relations between artists and producers in Canada.

She said: Honourable senators, I am indeed proud to have the privilege of introducing this legislation on the status of the artist.

I think the timing of this bill is excellent. Having been close to the arts community for nearly 30 years, I am very much aware of both its prestige and its problems.

The purpose of this legislation is to establish a regulatory framework for professional relations between artists as independent entrepreneurs and producers who are federally regulated, including broadcasters, like the CBC, the National Arts Centre, the National Film Board and the National Museums.

It is extremely reassuring for many senators who are familiar with the major organizations that represent artists, such as ACTRA, the *Union des artistes*, the Musicians Guild, and so forth, that these have all indicated their satisfaction with this legislation.

Some people may wonder why artists in this country are entitled to legislation that nurtures and protects them, as it were. This legislation will make us the envy of the world, and

we know that people are taking a new look at this question. In fact, the government has been considering the status of artists for quite some time.

For instance, in 1951, the Royal Commission of Inquiry, also known as the Massey Commission, mentioned the problems and isolation of artists. At the time it was said that artists in Canada had a great deal of trouble reaching the public. Recently, a task force on the status of the artist, headed by Gratien Gélinas and a Mr. Paul Simond, also made recommendations in this respect. We must remember that artists make a country's reputation and that it is thanks to them that we are known abroad. I am thinking, for instance, of Margeret Atkinson, who made our country known in the United States.

[*English*]

I think of Anne Murray and her beautiful songs that have made our country known; of Leonard Cohen and of Anne Hébert, tremendous Quebeckers who have . . .

[*Translation*]

Her book is recognized as a masterpiece. I think of painters and sculptors. They are the memory of our time and it is through their works that future generations will remember those who came before them. It is not easy being an artist, nor any easier here than elsewhere. It is an immense solitude, but a creative solitude.

[*English*]

It is because he is a lonely man who creates in the solitude of his house and studio that he needs protection, that he needs to obtain legal stature and social stature in our community. Surely he is no better than any one of us; any other worker, woman or man, who works to earn their living, but because he gives our country some feeling of eternity, he needs to be protected.

Senator Barootes will certainly not contradict me if I say that today Greece is remembered throughout the world more for Aristotle than for Mr. Onassis, and that France and Great Britain are recognized for their great artists. Therefore, we must give to our comedians, actors, actresses, writers, sculptors, painters a kind of protection, a kind of environment in which they will be respected. I think my friend Senator Frith, who knows the world of the theatre very well, knows how fragile it is, how fragile Canadians are because of the environment, and because we are neighbours of the United States, whose influence is so strong, so overwhelming in the area of their culture that sometimes our books and television are not of a second class but of a second look, of a second healing. Therefore any law that gives through the federal institution . . .

[*Translation*]

A legal status to Canadian artists, both francophones and anglophones. So, if it is already accepted by all those who have a great need for this status, I will not talk indefinitely because we have so much to do. Personally, I have no objection and I know that Quebec, which is always a bit susceptible when it comes to culture, was consulted. I talked to Serge Turgeon, who is the president of the *Union des artistes*, and he told me that he was in total agreement with the protection provided to our artists with this legislation on their legal and judicial status. Therefore, honourable senators, there is no point to talk any longer.

One small point though: When the Senate Committee on Transport and Communications will review this bill, there is only one aspect that Senator Frith might understand better than me. The bill refers to a the tribunal to which artists will take their grievances. I do not know why, but the word "tribunal" bothers me. I do not see in that expression a limitation of the expression,

[*English*]

. . . the freedom of expression or speaking or words, but a certain kind of connotation which frightens me a bit. I would like to suggest another word. I talked to Senator Tremblay a few minutes ago about this and he suggested the word . . .

[*Translation*]

. . . Artist Council, which is something similar to what exists in Quebec and is called the *Conseil de presse*. I find that this term is not restrictive, even though I do not think that the tribunal will restrict anything. But the word "tribunal" in these days when the courts are consulted for anything and everything, well I would rather use a softer expression such as the Artist Council which, it seems to me, would sound more appropriate and human. Once again, I urge the Senate and all the honourable senators to support this bill. It seems to me that even though our artists have now . . .

[*English*]

. . . have acquired an international reputation of great prestige. There are many amongst them who still need protection and encouragement; who need to be sheltered by our country.

[*Translation*]

I know that in the *Union des artistes*—

[*English*]

There are thousands of members, and at least 500 who work. At least 500 can live on their work; the rest cannot. It must be the same thing in other unions. So for all the artists of Canada—for which we have every reason to be extremely proud—I am honoured to present this legislation and hope it meets with your approval.

[*Translation*]

Hon. Royce Frith (Leader of the Opposition): Honourable senators, I intend to examine this bill, its substance as well as almost each of its provisions. I want to have the opportunity to consider the clear comments made by our colleague, Senator Chaput-Rolland, and in particular her suggestion as to how we should name the body. On the face of it, the word "council" sounds a lot better than "tribunal" and it is probably sufficient, but then again maybe it is not. We can look into *Le Petit Robert* and maybe in "*Roget's Thesaurus*"

to find another word. In the meantime, honourable senators, I want to adjourn the debate and make an intervention.

[*English*]

OIL AND GAS PRODUCTION AND CONSERVATIONACT

BILL TO AMEND—SECOND READING

Hon. C. William Doody moved the second reading of Bill C-58, to amend the Oil and Gas Production and Conservation Act and other Acts in consequence thereof.

He said: Over 10 years ago on February 15 1982, 84 people lost their lives in the search for oil in the Atlantic Ocean off Newfoundland. On that day the *Ocean Ranger,* one of the most advanced drilling rigs in the world, sank in a matter of hours with no survivors. The enormity of that tragedy will be remembered by Canadians for generations to come. Today I am pleased to be sponsoring legislation which completes the efforts which began immediately following the accident to ensure that Canadians are never again put at such risk.

Within days of the sinking, a royal commission headed by the Honourable G. Alex Hickman was jointly established by the Governments of Canada and Newfoundland and Labrador to examine the causes of the accident and to recommend measures to improve the safety of petroleum activity in the Canadian offshore.

At the same time, new standards were established by the government for the command of offshore drilling units, for structural integrity, for ballasting and maintenance of trim, for the availability of survival suits and for life boat requirements. All rigs operating in Canadian waters were immediately returned to port to ensure that they met the new standards.

In the ensuing months all regulations were reviewed, new standards were developed for the structural design of rigs for training, for survival equipment, for evacuation systems emergency procedures, contingency plans, weather forecasting and performance standards for standby vessels and for rescue craft.

When the royal commission made its final report in 1985, over half its recommendations had already been implemented. Since then, all of the remaining recommendations have been acted on. Canadian safety standards for the offshore are now among the most advanced in the world. While most of the Hickman recommendations were addressed by changes to standards and regulations, a small number required a reassessment of the way in which regulatory authority should be exercised, particularly in emergency situations.

• (1620)

To address these recommendations, the government appointed a task force to address regulatory practices in other offshore jurisdictions. The task force concluded that a number of changes should be made to Canada's regulatory system and that these should be embodied in legislation.

Following consideration of the task force's recommendations by the government, intensive consultations were held for several years with interested parties on the substance of the proposed legislation.

To complete the process of reforming Canada's offshore safety regime, the government has therefore tabled amendments to the Oil and Gas Production and Conservation Act, which you now have before you for consideration. The act will be re-entitled the Canada Oil and Gas Operations Act to better reflect the all-encompassing nature of the act.

With respect to the joint offshore oil and gas management regimes which have been established with Newfoundland and with Nova Scotia, consequential amendments will also be made to the East Coast Accord Implementation Acts. Similar amendments will be made by these provinces to their accord legislation.

The Canada Oil and Gas Operations Act is designed to ensure that an integrated approach is taken to the certification and operation of all equipment used in the exploration for and production of offshore oil and gas resources. Offshore exploration and production units are extremely complex pieces of equipment. They must be capable of meeting all of the risks associated with drilling for and producing oil and gas. At the same time, they must also be able to meet the might and fury of the worst ocean storms.

Not only must the equipment meet these dual challenges, so must the people who operate it. That is perhaps the most important lesson we have learned from the Ocean Ranger catastrophe. Offshore safety fundamentally depends upon having the best equipment operated with clear, consistent and comprehensive safety procedures by crews that are thoroughly trained in both the oil and gas and the marine aspects of their work. Bill C-58 contains provisions related to these fundamental aspects of offshore safety. In addressing the fundamentals of equipment, procedures, training, and organization, the bill creates a framework that will enable Canada to maintain a standard of offshore safety as high as any in the world.

For example, Bill C-58 requires all operators of exploration and production equipment to obtain a certificate of fitness from an independent certifying authority in order to conduct petroleum activities. The certifying authority will be responsible for ensuring that the equipment meets all safety standards relating not only to gas and oil activities, but to marine activities as well. The certification process will ensure both a comprehensive and integrated approach is taken to examining the fitness of equipment to work safely in the offshore.

The bill also requires owners and operators to have appropriate operating procedures and trained personnel to carry out offshore petroleum activities safely and to make a formal declaration to this effect. It further requires that at all times one person, the offshore installation manager, be in charge of the entire operation.

To ensure consistency and ongoing improvements in the administration of offshore regulations, the bill provides for the creation of an Oil and Gas Administration Advisory Council

with representation from the federal government and appropriate provincial governments, as well as all regulatory authorities with responsibility for the safety of petroleum activities on the frontier lands. It also provides for an Offshore Oil and Gas Training and Standards Advisory Board to be established to encourage the development of uniform requirements for training, qualifications, accreditation standards and course assessments.

In the case of an emergency, where the safety of personnel or equipment could be endangered, Bill C-58 provides the Minister of Energy with the power to suspend temporarily specific sections of other federal acts to ensure that there are clear lines of authority to deal with the emergency situation.

Honourable senators, these are some of the more important measures which have been included in the bill before us. It is the product of extensive consultations, both internationally and within Canada. It is based on the insight and experience of foreign regulators and safety enquiries such as that into the Piper Alpha accident in the North Sea. In Canada, federal departments, provincial and territorial governments, knowledgeable experts, the Offshore Regulatory Boards in both Newfoundland and Nova Scotia, and the oil and gas industry have all been consulted. I can say that, in all important aspects, they have had an opportunity to consider the safety measures contained in the bill and to bring their accumulated wisdom to bear on it.

Honourable senators, I commend this bill to you for your consideration and approval.

Hon. H.A. Olson: Honourable senators, I would like to say a few words about Bill C-58 before it is referred to committee because it is an extremely important bill for the safety of the men and women who will be working on the offshore rigs.

As Senator Doody pointed out, what happened on February 15, 1982, should not be forgotten. Eighty-four people lost their lives when the Ocean Ranger went down in a severe North Atlantic storm. There was not one single survivor. I am pleased to acknowledge that a great deal of work has been done by those concerned with the safety of the personnel involved in operating these rigs since then, and that, indeed, much of their work has already been put into effect as it relates to life boats and other equipment that seemed to be inadequate when that accident occurred. Of course there is more to be done.

Honourable senators, there is another aspect of safety with respect to oil and gas drilling rigs. We must be conscious of the fact that we are dealing with far more than one dangerous situation. Senator Doody has pointed that out the necessity to employ the expertise of mariners who understand what must be done to cope with the marine aspects of offshore drilling, and that this is particularly important in the face of dealing with a storm. It is a job that should be done by people who have not only had formal training, but perhaps it is fair to say that it should be done by those who have lived with that responsibility almost all of their lives. They know how to react in situations where a serious storm comes up, particularly those storms in the North Atlantic that can be as bad as any anywhere in the world.

Drilling for gas or oil, particularly in some of formations that contain extreme hydrostatic gas pressures, is another aspect that must be dealt with. Indeed, sometimes the gasses that come out of those formations, which are 3,000, 4,000 or 5,000 feet below the surface, are highly toxic.

I am speculating, but I feel that some of the comments made by Senator Doody indicate that, if this bill is passed, those employed on these rigs will require a very high level of expertise in dealing with all of these aspects. Unfortunately, that will mean that many of the local people who otherwise could have jobs will be excluded because they lack the necessary safety qualifications.

Honourable senators, I want to make it clear that I am not suggesting that we lower the safety standards. What happened to the Ocean Ranger should teach us once and for all that that should not happen.

However, it seems to me there are two or three very important circumstances that can jeopardize the safety of these rigs, and it may be we need to employ people with a very high degree of expertise in dealing with at least one of them, but perhaps we should have others aboard the rig who have a high expertise in dealing with other situations. I know of an example about 15 miles from my farm in Southern Alberta. Seismic information was gathered and a formation was identified. An oil drilling rig was set up and a well was, innocently, unknowingly, I believe, drilled into a formation with a hydrostatic gas pressure of 3,800 pounds per square inch.

That pressure was so great, honourable senators, that it blew out all the drilling mud that is supposed to control the pressure. Not only that, the velocity of the escaping gas was so great that it blew more than 3000 feet of drill pipe out of the hole. The pipe struck the tower and knocked it down. The drill bit flew out and tore off the control tower so that the drill was completely out of control. Everything was blown away simply because they did not anticipate the amount of pressure they would encounter when they hit that particular formation.

That was about 30 years ago. I know that technology has improved since then. The formulation of the drilling mud has increased in viscosity and weight so that it can withstand greater pressures, while other controls are installed at the top of the wells to help prevent wild wells. That is one thing.

A more frequent occurrence is the drilling of a formation where the composition of the gas is unknown. They usually encounter methane, a dry natural gas; they call it sweet gas. If you breathe that in, I understand that it paralyses your lungs so that you cannot exhale it at all.

Sometimes, as happened within two miles of my place, they drill into a formation and H_2S is released. One whiff of hydrogen sulphide will kill anybody. It is highly toxic.

I am giving you these examples because drilling is very dangerous, if you are not qualified or if you are not able to predict what the next formation will produce. It can be as dangerous on dry land as it is in an ocean storm. Oil and gas drilling requires a great deal of expertise to deal correctly with the kinds of dangers that are involved.

Senator Doody, in referring to people who must be involved in safety regulations, said that:

> They must be capable of meeting all of the risks associated with drilling for and producing oil and gas.

Those are the two things I just mentioned. Heavy-duty equipment is needed to deal with the extremely high pressures found in the various formations. Senator Doody then said:

> They must also be able to meet the might and fury of the worst ocean storms.

Honourable senators, I suggest to you that nearly a lifetime of experience is required to deal with either one of those problems, not necessarily both of them. I would hope, as we consider this bill in committee, that we are careful not to exclude a lot of people from getting a job or working on these rigs at all. Senator Doody mentioned on page 7:

> Offshore safety fundamentally depends on having the best equipment operated with clear consistent safety procedures by crews—

and this is important—

> — that are thoroughly trained in both oil and gas and the marine aspects of their work.

Now, I do not say that that is not desirable. Of course, it is. However, if we are not careful with this kind of legislation, many people will be excluded who have acquired expertise in one of those areas but not both. Requiring it to be in both areas will make it prohibitive for some people.

That can be resolved, at least in part, by having some people aboard the drilling vessel who are experienced and trained to deal with ocean storms and the marine aspects of drilling on the offshore. You could have other people aboard who have the necessary high level of expertise and proficiency to deal with the risks involved in drilling a hole into potentially high-pressure areas which contain toxic gases that are extremely dangerous to the crew.

Some good work has been done in the investigatory field both in Canada and in other places. Much knowledge has been gained from experiences in the North Sea.

We must be very conscious of safety requirements because of the extreme dangers involved, if this is not handled by people who know what they are doing. At the same time, I hope Senator Doody will agree that these regulations should not be set up in a way that disqualifies a very large number of the people who live in reasonable proximity to the drilling activity so that they cannot take advantage of the economic activity that is going forward.

I conclude by saying that I have discussed this with my colleagues, and we see no reason not to give the bill second reading today and send it to committee, if that is the wish of the sponsor of the bill. We hope that there will be some witnesses appearing before the committee who can explain in somewhat more practical detail how these regulations will be applied so that we can maintain the kind of safety that both Senator Doody and I have talked about, and also make sure that people will be able to be involved in the work that will be done there.

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?

On motion of Senator Doody, bill referred to the Standing Senate Committee on Energy, the Environment and Natural Resources.

CIVILIAN WAR PENSIONS AND ALLOWANCES ACT

WAR VETERANS ALLOWANCE ACT

PENSION ACT

BILL TO AMEND—SECOND READING—DEBATE CONCLUDED

On the Order:

> Resuming the debate on the motion of the Honourable Senator Marshall, seconded by the Honourable Senator Robertson, for the second reading of Bill C-84, An Act to amend the Civilian War Pensions and Allowances Act, the War Veterans Allowance Act and the Pension Act and to amend other Acts in consequence thereof.

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, when this item first came up, there were some questions asked on certain aspects of the bill on which answers were not forthcoming. I know that we are unanimous in wanting to see the main thrust of this bill passed as soon as possible, but we also want to be satisfied with the entire bill.

Tomorrow, the Minister of Veterans Affairs, Mr. Merrithew, would be available to come before the Committee of the Whole to answer the questions which were raised earlier. I hope that the answers will be satisfactory and we can then proceed with the bill.

Hon. Lorna Marsden: Honourable senators, I am very glad to hear that the minister is prepared to appear on this bill. Let me clarify exactly what the difficulty has been: Since we have not had second reading, the committee has not met formally on this bill. As you know, the bill dealing with merchant marine veterans' pensions is fully supported. We are very anxious to have those pensions paid and to have that part of the bill passed. To our great regret, however, the government included in the bill what might be called the poison pill, the

section that extensively changes the application procedures for allied war resisters.

We will welcome the minister's presence in Committee of the Whole. However, we will be looking for assurances from the minister that he can put in place a procedure to ensure that those people already in process under the Allied War Resisters Plan, and some of them have been in process for three or more years, will be dealt with fairly. We are not suggesting for a moment that any more should be added to the list, or that those already there are all legitimate war resisters. They may be found not to be. We understand all of that.

Should the minister not be able to give us some assurance, we would want to hear witnesses from the war resisters group on that subject. They are prepared to come, but certainly not tomorrow. We hope that the minister will be able to give assurances tomorrow. We certainly would like to have the bill referred to our committee.

May I just ask when the minister will appear on the bill?

Senator Lynch-Staunton: Yes, our schedule is his schedule. I suggest after Question Period, which usually ends around three o'clock.

Motion agreed to and bill read the second time.

REFERRED TO COMMITTEE OF THE WHOLE

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

On motion of Senator Lynch-Staunton, bill referred to Committee of the Whole.

SCOTIA SYNFUELS PROJECT

CONSIDERATION OF REPORT—DEBATE ADJOURNED

The Senate proceeded to consideration of the Third Report of the Standing Senate Committee on Energy, the Environment and Natural Resources (Scotia Synfuels), tabled in the Senate on June 15, 1992.

Hon. B. Alasdair Graham: Honourable Senators, I rise today to voice my full support for the report tabled by my colleague, the Chairman of the Standing Committee on Energy, the Environment and Natural Resources, with respect to the Scotia Synfuels project planned for Point Tupper, Nova Scotia. I am delighted that the committee took the time to study this issue and I am very pleased with the outcome of that study, which was originally initiated by Senator McEachen late last year.

This report represents a very thorough examination of the Scotia Synfuels project from its technical merits to financial viability. I am pleased that its conclusions support the establishment of this facility and provide the necessary rationale for federal support.

For those in this chamber who did not participate in the deliberations of the standing committee, the Scotia Synfuels project would involve the co-processing of high-sulphur coal and oil to produce a range of clean petroleum products including naphtha, which is the primary ingredient in gasoline, diesel and heating oil, and heavy petroleum distillates. In addition to these petroleum products, which will find markets throughout Canada and indeed the world, the facility will produce pure sulphur as a by-product.

The project benefits from an array of infrastructure which is already in place. It is rare that an industrial project of this magnitude, requiring the high level of technical inputs that it does, would find a site nearly complete and ready to begin production. This site is the former Gulf Canada refinery in Point Tupper.

If you were to visit Point Tupper today, you would find the roads constructed to the refinery, storage tanks ready to receive finished petroleum products and waste water treatment plants to protect the surrounding environment. And what an environment it is. The wharf opens to the Strait of Canso, which is capable of handling the largest ocean-going vessels on the high seas today.

I would like to take a few moments to review the positive aspects of this project as identified by the Senate committee in its report, and indeed as identified for the past several years by proponents of this project and the people of Nova Scotia. Honourable senators will know that I have spoken many times in this chamber of the desperate economic conditions in Cape Breton. It is an inescapable reality for the people whom I represent.

The commencement of this project will bring significant economic and social benefits to the communities involved. It calls for the creation of 200 jobs at the Point Tupper facility and an additional 350 jobs will be maintained or created in the DEVCO mines in industrial Cape Breton. Developers of the project have indicated that indirect job creation throughout the local economy could reach 2,000. The report notes that these numbers compare favourably with the permanent number of jobs estimated to be created by the Hibernia offshore oil project. Thus, the economic benefits will spread across eastern Nova Scotia.

We have also been told that the project would create an average of 500 construction jobs, reaching a peak of 1,000 during the three-year development phase.

In this context, I would like to relate to honourable senators a recent event in Cape Breton which highlights the need for good news such as this. Several months ago fellow Cape Bretoners, the Committee of Concerned Citizens, published an urgent agenda for economic renewal there. The agenda served up lots of charts and graphs which translated into great physical privation for many families in my part of the world. But physical privation remains secondary. Its authors reminded us of what they called "the starvation of the spirit".

In this regard the Committee of Concerned Citizens spoke of the pain of unemployment, which today is now officially at 22 per cent, double the national average. Unofficially some estimates would double that figure to almost as high as 40 per

cent. In their report on the urgent agenda the authors spoke of neighbourhoods in decline and the continued flight of our young people to so-called greener pastures.

● (1650)

Honourable senators, this type of project, the Scotia Synfuels project, addresses this starvation of the spirit in two ways. First, it provides tangible evidence of renewal in the hundreds of jobs which will be created; and, second, psychologically it provides a real lift because of the highly technical nature of the facility and, by extension, the high quality of skills which will be required of its workers.

Many of our skilled young people will find employment at this facility. Specialized knowledge is the key to the new age. One can only speculate about the potential spinoffs of this project if, for example, strategic linkages were to be made with the chemistry, technology and engineering departments at Saint Francis Xavier University, the University College of Cape Breton, or the Technical University of Nova Scotia.

The project has important technical implications for Canada and holds great future potential in the further development of synfuels technology. This is a made-in-Canada technology and the plant at Point Tupper would be the first facility of its kind in North America.

The report states on page four:

> The synfuels technology also represents an improvement over the development of frontier and offshore crude oil, which by comparison entail high finding costs, transportation uncertainties and adverse environmental concerns related to exploration, production and transportation.

Honourable senators, if we do not seize the moment and support this technology and this project, I fear that some years down the road someone in some other place will be selling the technology and the product back to us.

The project has a beneficial regional impact as well. Speakers in this chamber have often referred to the desirability of integrated regional development projects that fuel activity across many sectors and build upon our strengths and add value, through high technology processing, to our raw natural resources. This project encompasses all these attributes.

In the wake of the Earth Summit in Rio de Janeiro we have all become a little more aware of the environment and the steps which we must take individually and as a society to protect the environment by reducing the effluents that we pump into our air, water and soil. I want to underline and emphasize that the synfuels technology is a cleaner energy-producing technology. The use of co-processed fuels lowers the amount of sulphur dioxide and nitrogen oxide emissions, which, if left unchecked, may, as scientists tell us, result in a runaway greenhouse effect. Lowering such emissions also lessens the severity of acid rain, which has killed so many lakes and streams in Nova Scotia and throughout eastern Canada.

Finally, honourable senators, there are the benefits to federal, provincial and local governments of this increased economic activity. Estimated annual corporate tax revenues to the federal government and the Province of Nova Scotia total $800 million. This figure does not include personal income taxes from employees or the other taxes that will be forthcoming from suppliers to both levels of government.

The total capital cost of this project is $500 million, which will be entirely met through private sector sources. The proponents of the project are not asking for loan guarantees; they are not asking for interest buy-down subsidies. What they are requesting is access to a 30 per cent special investment tax credit and a special excise tax remission on their finished petroleum products. Such tax treatment would be similar in principle to the retail tax relief currently in place for alternative transportation fuels such as propane, natural gas and diesel, along with blends of ethanol and methanol.

The consortium is also requesting a federal contribution of $14.5 million towards detailed process design engineering and a pilot plant test program. I suggest that in today's world of multi-million dollar contracts and other industrial inducements in other parts of the country, this request is not unreasonable.

Honourable senators, the government of Canada has an opportunity to create hundreds of jobs in eastern Nova Scotia; to end the retreat from economic development in our part of the country; to lessen our dependence upon foreign oil supplies; to hasten the development of new fuel sources; to advance Canada as a leader in cleaner energy technologies; and to help fuel a new spirit of initiative and resilience in Nova Scotia, by doing what it can to support this project.

I would ask all honourable senators to do the same and to support this report of the Standing Senate Committee on Energy, the Environment and Natural Resources.

On motion of Senator Corbin, for Senator Hays, debate adjourned.

CHRISTOPHER COLUMBUS

500TH ANNIVERSARY OF DISCOVERY OF AMERICA—DEBATE ADJOURNED

On the Order:

> Resuming the debate on the inquiry of the Honourable Senator Bosa, calling the attention of the Senate to the 500th anniversary of the landing of Cristoforo Colombo (Christopher Columbus) in the New World. —(*Honourable Senator Di Nino*).

Hon. Len Marchand: Honourable senators, I regret that I did not advise my colleagues that I should like to make a few remarks on this Inquiry, if doing so is appropriate at this time.

Honourable senators, I wish that my colleague, Senator Bosa, whose inquiry this is, were here to hear my remarks. Senator Bosa and I have been friends for a number of years. I will try, as kindly and as gently as I can, to reply to his inquiry

of Friday June 5, 1992, concerning the 500th anniversary of Columbus' voyage to the Americas.

• (1700)

I wish to state at the outset that I fully agree with the statement by my old friend when he quoted Professor David Berkison that "Columbus' voyage should be commemorated only for what it was: a courageous venture that established the first real link—for better or for worse—between Europe and America."

There can be no doubt that Christopher Columbus cannot be personally blamed for the strife that was wrought upon the indigenous peoples of the Americas by the fact of his landing upon the shores of this continent more than 500 years ago.

However, we are not merely marking the achievements of one man; we are marking a milestone in history, particularly the history of the Americas. In doing so, we are provided with an opportunity to examine the historical record and the collision of two great civilizations.

The Honourable Peter Bosa has labelled those persons who believe that Columbus' legacy has been more of a curse than a blessing as "detractors". If that is so, you will have to count me and the majority of my people as detractors.

It is not my intention to blame Columbus for the ravages of disease, of racial exploitation and environmental destruction. I would agree with Senator Bosa that to do so would be historical revisionism.

But let us look at the historical facts. There is no question that the explosive fifteenth century maritime expansion resulted from a need to find a direct and possibly shorter route to the spice trades of the Far East. Many of my people have said, "Boy, we are sure glad that Christopher Columbus was not looking for Turkey but was looking for India instead." I suppose if he were looking for Turkey, my people, for 500 years, would have been called "Turkeys".

Although we joke about this question from time to time, of course there are a large number of people in Canada who are from India. They are the real Indians. Our people have been the mistaken ones, and that causes a great deal of confusion.

When we try to deal with this issue, since we speak 56 different languages in the country, and have different dialects within those languages, we can all come up with a word to describe our people. The Inuit have it solved, God bless them. It is wonderful that they are now known as "Inuit" rather than as "Eskimos" who were eaters of raw fish. Nevertheless, it is very difficult for us to find a single word would be, first of all, easy to say and, second, would be meaningful and acceptable to all of us.

In my own dialect, which is the Okanagan dialect, we call ourselves "Skilwh". I do not know how you would even spell it—perhaps S-K-I-L-W-H. That would be pretty close, but who in the heck can say "Skilwh"? It is a difficult word to communicate to people outside of our culture.

[Senator Marchand.]

Be that as is it may, we must try amongst ourselves to find a word that is our own and one that will really depict who we are, rather than calling ourselves "Indians", because as sure as God made little people, we are not Indians—the people from India are Indians! There are many Indians in this country, and this causes a great deal of confusion.

But it is also true that when Christopher Columbus first encountered the original inhabitants of the new world, he remarked that they were "so tractable, so peaceable . . . that I swear . . . there is not in the world a better nation." What became of this attitude, and what became of the people that Columbus spoke of?

In a recent publication called *Stolen Continents*, Ronald Wright outlines the fact that indigenous people in the Americas had no immunity to the diseases which wracked the old world. He suggests:

> It is now clear that the old world plagues killed at least half the population of the Aztec, Maya and Inca civilizations shortly before their overthrow . . . and the great death raged for more than a century. By 1600, after some 20 waves of pestilence swept through the Americas, less than one tenth of the original population remained. Perhaps ninety million died, the equivalent, in today's terms, to the loss of one billion. It was the greatest mortality in history. To conquered and conqueror alike, it seemed as though God really was on the white man's side.

If that were not enough, the indigenous peoples of the Americas faced displacement and servitude under the colonial empires which entrenched themselves in the Americas.

In Central and South America, it was Conquistadors who crushed the Indian resistance. As the influential Latin commentator Carlos Fuentes notes:

> They exploited Indian labour to a degree that amounted to genocide; the native population of the Caribbean was destroyed and had to be replaced by black slave labour imported from Africa.

While the laws of the Indies of 1542 proclaimed Indians to be the proprietors of the lands of the New World with the settlers holding only temporary concessions to them, Professor Fuentes suggested:

> . . . the violations of this statute are so numerous and evident that any modern auditor can not only spot them but quickly arrive at the conclusion that Latin America was founded on the dizzying contradiction between law and practice which in effect established from the very beginning a divorce between the real country and the legal country.

As former Chief Justice Berger outlines in his new publication *A Long and Terrible Shadow:*

> In North America, Europeans looked upon the appalling losses among the Indian populations as providential. The depopulation of native lands left large tracts available for

colonization, to the satisfaction of many European immigrants.

While the exact loss of life in North America is not known, a group of ethno-historians, led by Henry Dobyns, suggests that the estimated population of North America before the arrival of Columbus was more than 18 million, and there was a post-contact decline of 95 per cent over the next 130 years. Whatever the figures, it is clear that there was a cataclysmic negative impact upon indigenous peoples resulting from the coming together of the old and new worlds.

My colleague, Senator Bosa, suggests that a concern has been raised on the advisability of using the word "discovery". I appreciate the textbook dictionary definition put forward by Robert Hughes and parroted by the honourable senator to the effect that "The discoverer is the person who gets from known A to unknown B, returns to A and goes back to B again."

However, I disagree with his suggestion that this definition settles the controversy. It is not the dictionary definition of "discovery" that is at issue; it is the doctrine of discovery and its implications for the recognition of indigenous rights with which indigenous people take issue.

As Maureen Davies from Carleton University points out:

> The doctrine of discovery, advanced with vigour by the Western European powers whenever it was expedient, was unequivocally rejected . . . in the law of the Indies. To invoke the doctrine . . . it is necessary to demonstrate that the territory in uninhabited: *terra nullius*. Since clearly the lands in question were already occupied, the doctrine could not be applied. If anyone had "discovered" the lands in question, it would have been the people already there!

However, this doctrine has not been applied to aboriginal or indigenous people. The Supreme Court of the United States in 1823, and later our own Supreme Court, sullied the doctrine of discovery by simply refusing to apply it to indigenous people. Instead of applying the doctrine to recognize the indigenous claims to the land, the courts changed the doctrine.

• (1710)

The Supreme Court of the United States, and later that of Canada, suggested that indigenous peoples' power to dispose of the soil at their own will, to whomsoever they pleased, was denied "by the original fundamental principle that discovery gave exclusive title to those who make it." It is this aspect of discovery which indigenous people take issue with.

Thomas Berger suggests "by this reasoning Marshall held that the natural rights to dispose of their property did not apply to Indians." The Indians had no power to sell their land, except to the federal government. Berger suggests, "The whole edifice was founded on the theory of discovery; no one who thought about it, however, was altogether satisfied with this."

The Honourable Senator Bosa wants to know about the charge of racial exploitation and wonders why Columbus' memory is downgraded by association with later indiscretions. He suggests that Paul Grey is correct when he states:

> The peoples of the new world, the land that Columbus made inevitable, are engaged in another convulsive attempt to re-invent themselves, to conceive a version of the past that will justify the present, and if possible, shape the future.

I do not agree with that. Who among us could offer any explanation of the past that would justify the present? Who would want to? No, senators, we are not attempting to reinvent ourselves. We are attempting to shed new light on the shocking story of the history of the indigenous peoples of the Americas. It is long overdue.

I must say to my honourable colleague that I completely disassociate myself with his suggestion that colonial indiscretions can be justified by the fact that some native Americans may have exploited their own people. I would agree that all atrocities are deplorable, be they of European or North American origin. However, to raise native indiscretions as a defence against the naked aggression of colonial powers is unacceptable.

Honourable senators, as we mark the occasion of the 500th anniversary of Christopher Columbus' voyage to our lands, I ask you to avail yourselves of the opportunity to take a broader focus and to review the history of the treatment of indigenous peoples of the Americas.

Certainly, there is much to celebrate. Of course, Christopher Columbus should be given full and complete respect for his part in the coming together of the new worlds.

We must also reflect on the impact upon indigenous peoples. Only through a review of history can we shed new light on existing pretensions and attempt to deal forthrightly with the legacy of our colonial past.

We in Canada today are very fortunate people—all of us. The history of indigenous peoples within the territory now occupied by Canada is, for the most part, a much happier history than that of those indigenous peoples in the other parts of the Americas. I can say that much.

However, we cannot forget the memory of the Beothuks. The Beothuks were the Indian inhabitants of Newfoundland who were ravaged by disease, hunted down and slaughtered. The last known surviving Beothuk died of tuberculosis in St. John's in June 1829. Honourable senators, I cannot but help mark this milestone of history with a note of sadness. A loss of one people in 500 years is too many.

Our history has not been a happy one. No one person is to blame, of that I am sure of.

However, this anniversary coincides with another milestone in the life of the country, that of constitutional reform. We can and do have the opportunity to change for the better the lives of Canada's aboriginal people. I trust that all honourable senators will agree that now is the time to set in place a constitutional framework that will allow aboriginal Canadians to become equal partners in this great land and thereby ensure

that the next 500 year anniversary is one that all peoples can celebrate.

On motion of Senator Lynch-Staunton, for Senator Di Nino, debate adjourned.

PRIVILEGES, STANDING RULES AND ORDERS

MOTION TO AUTHORIZE COMMITTEE TO CONSIDER PROPRIETY AND CONSTITUTIONALITY OF AMENDMENTS TO RULES OF THE SENATE — ORDER STANDS

On the Order:

Resuming the debate on the motion of the Honourable Senator Haidasz, P.C., seconded by the Honourable Senator Thériault:

That the Standing Committee on Privileges, Standing Rules and Orders be authorized to consider the propriety and the constitutionality of the changes and amendments to the *Rules of the Senate*, adopted by the Senate on June 18, 1991; and

That the Committee report no later than June 11, 1992.— (*Honourable Senator Lynch-Staunton*).

Hon. Gildas L. Molgat (Deputy Leader of the Government): Honourable senators, I had been under the impression that the intervention last night by my colleague, Senator Hébert, would have started the renumbering of this particular motion, but it has not.

In view of the fact that Senator Haidasz, who moved the motion, is ill and is unlikely to return before the adjournment, I wonder if we could have this matter stand until September 22 when we are due to reconvene?

Hon. John Lynch-Staunton (Deputy Leader of the Government): No, honourable senators. I do not think we can let the item stand for five or six months. If the honourable senator wishes the matter to be reintroduced, a motion can be moved to that effect.

Order stands.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Wednesday, June 17, 1992

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

Prayers.

SENATORS' STATEMENTS

[*Translation*]

THE HONOURABLE ARTHUR TREMBLAY

TRIBUTES

Hon. Lowell Murray (Leader of the Government in the Senate): Honourable senators, tomorrow, June 18, our colleague the Honourable Arthur Tremblay will celebrate his 75th birthday. We are delighted he reached this milestone in such fine mental and physical fettle. Thirteen years in the Senate have obviously rejuvenated him.

Unfortunately, this happy occasion is marred by the fact that he will now have to retire from this Chamber.

Senator Tremblay was an outstanding parliamentarian. We all know he played a major role as an adviser to the Progressive Conservative Party. His speeches in the Senate have always been models of eloquence. He was actively involved in the business of Parliament as a member of the Joint Committee on the Constitution, from 1980 to 1982; as co-chair of the Joint Committee on the Constitutional Accord of 1987; and as chairman of the Senate Standing Committee on Social Affairs, Science and Technology, during the 33rd Parliament, from 1984 to 1988.

His invaluable contribution as a parliamentarian since 1979 commands the respect and appreciation of his peers and fellow citizens. In fact, the past 13 years were the crowning achievement of an already brilliant career in education and public administration.

In the forties, he was a professor with the Teacher's School of Laval University and, in the fifties, a professor with the Faculty of Arts of the same university. After serving as an associate member of a Royal Commission of Inquiry in 1961-1964, he became the first Deputy Minister of the new Quebec Department of Education in 1964, a position he held for five years.

He was president and director general of the *Office de planification de développement du Québec* from 1969 to 1972, and Deputy Minister for Inter-Governmental Affairs from 1971 to 1977.

For his outstanding contributions to Quebec and Canada, he was made a member of the Royal Society of Canada in 1959. He received the Order of Canada in 1976 and received honourary doctorates from the University of Sherbrooke in 1976, the University of Quebec in 1977 and York University in 1978.

Arthur Tremblay was enjoying a well deserved semi-retirement and had been appointed professor at the *École Nationale d'Administration publique*, when he was appointed to the Senate by Prime Minister Clark in 1979, thus embarking on a new career.

He brought to the Senate and to the Progressive Conservative Party his immense prestige and credibility, and his competence and experience in federal-provincial relations. His influence as an advisor to political leaders and colleagues, was a decisive factor in the major debates of the past 13 years. In his maiden speech in these precincts, on October 25, 1979, he modestly described his expectations:

> I was being offered the opportunity to serve Quebec and Canada in a more determining and more effective way than I could have otherwise at this time. How could I have, without contradicting in a certain way my previous directions, shirked my duty to be present that such an opportunity demanded?

Describing the political and constitutional situation in 1979, Senator Tremblay continued:

> However, we are all aware that there are considerable differences in the ideas that Quebecers and Canadians in general have about what changes are necessary. The situation has evolved and continues to evolve in Quebec visibly faster than elsewhere in Canada.
>
> Trying to bring harmony and consistency to the rate and direction of these two parallel, not to say divergent, evolving processes is a very difficult task, especially since the time frame is so limited.
>
> Whether we think of the period before or after the referendum—

Of course he was talking about the 1980 referendum.

> —we have little time at our disposal, given the complexity of the plan for renewal that must be developed and the importance of the issue involved.

Since then, as everyone knows, Quebec held a referendum in 1980, the constitutional issue was discussed between 1980 and 1982 and the Constitution was repatriated without Quebec. Finally, there was the Meech Lake Accord. The challenge that Senator Tremblay described in 1979 is even more real today and more urgent than in 1988.

Ten years ago, in an interview with *Le Devoir*, Senator Tremblay talked about how he saw Canada and federalism:

> Cooperation between the two levels of government is the very essence of federalism. The cultural, linguistic

and economic fabric of the country itself make it ungovernable in a unitary, uniform way. The provinces must be considered as constructive forces. If our country is to work, the regional, provincial and federal authorities must cooperate.

For his contribution to the Parliament of Canada and his illustrious career in education and public administration, he won the Edouard Montpetit Medal in 1988, the Order of Quebec in 1991 and his fourth, fifth and sixth honorary doctorates from the University of Waterloo in 1983, Laval University in 1989 and the University of Montreal in 1990. He also earned the respect and admiration of his colleagues in Parliament.

Honourable senators, throughout my career in the Senate and especially in the last six years as a minister, I have had the good fortune to be guided and inspired by Senator Tremblay. In bidding him good bye on behalf of his colleagues on this side, I want to personally convey to him my deepest gratitude for the generous gift of his friendship.

Hon. Royce Frith (Leader of the Opposition): Honourable senators, as the Leader of the Government in the Senate said, tomorrow, June 18, Senator Arthur Tremblay will leave the Senate after serving in this body with diligence and dignity. For nearly 13 years, Senator Tremblay shared with this House his vast knowledge and rich experience.

Senator Tremblay received a very sound education. During my speech, I may often want to repeat some tributes to his distinction and remarkable career. The Leader of the Government mentioned them. It is worth repeating these tributes. He graduated from Laval University and wished to pursue his education at Harvard University and the University of Paris.

Some other institutions have recognized his great scholarship. In particular, he received honorary doctorates from the University of Sherbrooke, the University of Quebec, York University, the University of Waterloo, the University of Montreal and another degree from Laval University.

His career in the public service is no less impressive than his academic career. In 1941, Arthur Tremblay co-founded the Institut d'orientation professionnelle at Laval and several years later, he was named assistant director of the Faculty of Education at Laval University.

With his keen interest in education, Senator Tremblay became vice-president of the Canadian Association of University Teachers in 1954. Paul Gérin-Lajoie, an influential minister in the Lesage Cabinet, made him his executive assistant in 1960. As Senator Murray mentioned, Senator Tremblay then became a member of the Royal Commission of Inquiry on Education in 1961 and Deputy Minister of Education in 1964 (if I am not mistaken, if was the famous Parent Commission). It was just around 1963 or 1964 that he attracted my attention because I was then a member of the Laurendeau-Dunton Commission. My colleagues, Professor Scott, Jean-Louis Gagnon, Mr. Lacoste, mentioned what an important member he was of a group of technocrats who took over the administration of the Quebec government. He helped implement the recommendations of the Parent Commission, which made quite a sensation at the time. Its recommendations overthrew a system of education that had existed for two or three centuries in Quebec. Some even say that Senator Tremblay played an important, possibly key, role in reforming Quebec's education system during the Quiet Revolution.

[Senator Murray.]

[*English*]

Many people recognized Arthur Tremblay's contribution to Quebec and his knowledge of provincial issues. Joe Clark was one such person. In recognition of these characteristics, Mr. Clark had Arthur Tremblay summoned to the Senate in 1979.

Senator Tremblay continued to expand upon his prestigious career while in the Senate. Shortly after his appointment to the Senate, he was appointed to the Special Joint Committee on the Constitution of Canada in 1980. He also served, as Senator Murray mentioned, as a member of the Special Joint Committee on Senate Reform, which reported in 1984. That same year he told a Laval University symposium on the reform of federal institutions that Senate reform should come from within. As a starting point he recommended that the Senate elect its own speaker instead of waiting for the Prime Minister to appoint one. I have to resist elaborating on that excellent suggestion. Shall I resist?

Hon. Senators: Yes!

Senator Frith: When Brian Mulroney became Prime Minister, he asked the senator to be a special advisor on constitutional affairs and federal-provincial relations.

Senator Tremblay's constitutional know-how was again employed in 1987 when he was appointed co-chair of the Special Joint Committee on the Constitutional Accord of 1987, the committee that examined the Meech Lake Accord. This gave Senator Tremblay a chance to spar with another prominent Quebec politician and, many would say, constitutionalist, former Prime Minister Pierre Trudeau.

If I were uncharitable enough to make a comment as to who won that sparring match, I am sure that someone else would be uncharitable enough to say that my judgment is too biased to be trusted in the matter. So I will again resist.

Senator Tremblay's interest in constitutional affairs has persisted to this day. He served on the Beaudoin-Dobbie Commission to the same extent as did I, as an occasional attendant, and he sent in a submission as well. Most recently he has questioned the constitutionality of Bill C-13, the environmental assessment bill.

In addition to his many responsibilities as public servant and senator, Arthur Tremblay is an accomplished author. He has written a number of books and articles. His books include *Le Ministère de l'éducation et le Conseil superieur*, *A Bibliography of Higher Education in Canada*, *Les Chevauchements des programmes fédéraux et québecois*. Articles he has written include "Meech Lake: thoughts and afterthoughts", "Ministère

de l'Éducation et le Conseil superieur: antecedents et creation, 1867-1964" and "L'université et l'orientation des jeunes".

Honourable senators, this important Canadian resource is about to be lost to the Senate, but I hope not to his and our country.

[*Translation*]

Hon. Gérald Beaudoin: Honourable senators, I wish to pay tribute to our friend and colleague, Senator Arthur Tremblay, who is leaving us today.

University professor, deputy minister, senator, author and humanist, Senator Tremblay has become the philosopher and sage of these precincts.

Educated at Laval, Harvard and the Université de Paris, and an academic of great reknown, he was active on several successive levels in this country: at university, in the public service and in the Senate.

He was one of those who were responsible, and I do not use the term loosely, for the Quiet Revolution in Quebec, after playing a major role in education reform in that province.

His prestige as an academic caused the Royal Society of Canada to open its doors to him. A number of universities, as was pointed out by Senator Murray and Senator Frith, bestowed honourary doctorates on our illustrious colleague: Sherbrooke, the Université du Québec, York, Waterloo, Montreal and Laval University. He also had the distinction of receiving the Edouard Montpetit medal.

In 1979, the Right Hon. Joseph Clark appointed him to the Senate. Senator Tremblay was to make a unique contribution to the Upper Chamber of this country. He became an adviser to the Prime Minister on constitutional matters and on federal-provincial relations.

In 1987, he was asked by Prime Minister Mulroney to co-chair the Special Joint Committee of the Senate and the House of Commons on the Constitutional Accord of 1987. He was to make a lasting mark on this committee, which had focused the attention of the entire country.

Senator Tremblay was an outstanding, distinguished and much sought -after adviser. I remember his appearances before the Pépin-Robarts Commission, where I had the honour to represent Quebec, together with my colleague, Solange Chaput-Rolland, under the chairmanship of Messrs. Pépin and Robarts. Once again he proved his mettle at a crucial moment in our history.

As pointed out by the Leader of the Opposition, he was also one of the advisers to the Laurendeau-Dunton Commission, which was to play a vital role in protecting language rights in Canada. More recently, he sent a substantial brief to the Committee on a Renewed Canada, which was carefully considered by all members of this committee.

For senators from Quebec who arrived in the Senate in successive waves, Mr. Tremblay was to a considerable extent, I would say, the conscience of Quebec.

Senator Tremblay, we wish you, and your charming wife who has the privilege of having as one of her ancestors Sir AdolpheBasile Routhier, who wrote the words of the French version of O Canada, the very best.

Hon. Mario Beaulieu: Honourable senators, I cannot let Senator Arthur Tremblay retire without saying farewell and thank you.

When the Right Honourable Joseph Clark appointed him to this place in 1979, he honoured us with one of Quebec's finest minds, a most resourceful man and a highly competent man who not only served Quebec well but Canada as well.

It was a very important move, and a very judicious choice because Senator Tremblay was adding a new dimension to the Senate, as a voice representing Quebec as a whole and we were proud to have him among us.

I first met Senator Tremblay in Quebec City, when I was deputy minister and he, deputy minister of Education. We have worked together on several occasions and both have very happy memories of our collaboration.

I knew him as an honest, disciplined, learned and very knowledgeable person.

I was pleased to have the opportunity of rubbing shoulders with him and benefit from his expertise. We worked within the Conservative Party at rebuilding a program and reorganizing the party.

He is a truly great man. I salute him. I am sad to see him leave. My best wishes to his wife as well. Thank you very much, honourable senators.

Hon. Jean-Maurice Poitras: Honourable senators, I have the honour and the privilege of being a fellow citizen of Senator Arthur Tremblay. I will not pay tribute to the public persona, since a number of senators have already done so. I would like to pay tribute to the man, because a tree is known by its fruits, and in his case, those fruits are many and well known.

I would like to talk to you about the man, about a man who is humble and straightforward, the hallmark of great men.

A man who started a family, a good husband, a good father to his children, and it should come as no surprise that the "fruits" he and his wife produced are excellent. His wife has been the ideal companion in every respect, and I am happy to have this opportunity to say so in her presence today.

To a city like Quebec, a man like Arthur Tremblay is a sign that a community can produce men and women of stature. This is what makes a country great: men and women who are capable of giving throughout their lives. I am sure Senator Tremblay will continue serving his fellow citizens and his country for many years to come.

His training, education, experience and, of course, his judgment have made Senator Tremblay a man much sought after for counsel and advice. For a long time it was Canada's gain, and the senator's alma mater also benefited throughout his

career. I am sure his university will continue to enjoy the benefits of his wisdom and that his fellow citizens will consider the senator as a guiding light, an example of how to live their lives.

I know many Quebecers who would be happy to take the same route and do their best to do what he has done.

I therefore wish Senator Tremblay a long life, because we need him and his family needs him even more, and his city as well, and we could all benefit from his experience and knowledge. Finally, I hope we will continue to have the privil,ege of his friendship. Thank you, Arthur.

Hon. Pierre De Bané: Honourable senators, I would like to join the other speakers and say that there are two types of situations which occur when someone joins a group or an association. In the first case, it is the person who benefits from the prestige and the honour of being a member of the association, whereas in the second case, it is the institution which benefits from the presence of the new member.

I am convinced that when Senator Tremblay was appointed here, it is the Senate that benefited from his prestige and contribution, and not the reverse.

As several speakers have mentioned, Senator Tremblay was, as well as others which include Senator Bolduc and Senator Castonguay, one of the architects of the guilt revolution in Quebec. Senator Tremblay certainly left his mark, particularly in the field of education.

Now that our colleague is retiring from our institution and is going back to his first love, I wish that he will try to bring about a new reform of education.

When I look at what has happened since 1960 in the Province of Quebec, I realize that there have certainly been some flaws in the field of education. When I see that the new generation can barely read properly, not to mention write, I realize that there is definitely something wrong. When many students do not know the history of their country or of their province, when their knowledge of science and mathematics leaves much to be desired, I cannot help but think that we could certainly use Senator Tremblay's advice and recommendations as to how the education sector should undergo another reform. After all, everybody agrees that the greatest wealth of a country is its young people.

Senator Tremblay, you made a big contribution when you joined our institution. The Senate has benefited from your knowledge as well as from your love for Quebec, a province which you have represented very faithfully in this House.

We wish you the best, honourable senator, and I hope that you will continue to play an important role in our society. Thank you, honourable senators.

Hon. Solange Chaput-Rolland: Honourable senators, there is always a moment of sadness when one of us leaves, but it is also a special moment because all of a sudden senators from both sides of this House agree on the qualities of the person that is leaving. When it is one of yours, we pay tribute to that person, and the same thing happens when it is one of ours. I do not like to see anyone leave, but I wish that there would be more of these special moments in this House.

[Senator Poitras.]

Everybody has waxed eloquently about senator Tremblay's qualities. I see his wife, his staff and his partners up in the gallery. Rather than talk about his great qualities as a constitutionalist, his expertise as an adviser for Quebec, his presence in our province, I would like to emphasize our friendship and thank him for what he has done for a lot of us, including myself since my office was next to his.

Senator Tremblay is the one who showed me where the Senate was, how to behave in that house. I owe him a lot.

Quebec also owes him a lot, not only because of his contribution to education, but perhaps because of the depth of his culture and the accuracy of his words. When there was a problem that would give us difficulties, at least to me because maybe the others could figure it out by themselves, whenever I had problems understanding some aspects of the Constitution or some wording, I would turn to Arthur Tremblay. I would go into his office or he would come into mine and would explain things to me. I owe him a lot regarding the French culture as well as a deeper understanding of the real Quebec, of which he is one of the most prominent figures.

I also want to thank him, as well as his family and staff, for all that he has done here. I wish him a long life and I hope he will drop in time to time. Thank you honourable senators.

[*English*]

● (1430)

Hon. Brenda M. Robertson: Honourable senators, when I first came to the Senate in 1984 I knew Arthur Tremblay only by reference—that is, by reading about him in the Quebec press and from listening to him on the radio and the television. It was such a delight in coming here to have almost an instant friend, he was so kind and generous with his time and helped me so much.

Many of us find, upon coming to the Senate, that it is a little difficult for the first couple of years. We have to find our way around. We have to know how to behave ourselves in committees and in the chamber and to do certain things and not do certain other things. Arthur Tremblay was a great help in these areas.

You possess a rare combination, Senator Tremblay—a subtle wit combined with wisdom. Those qualities help so much when one is trying to work through a particular problem. You have a practical combining your wisdom and understanding of the issues. Because of that practical approach, you find the practical answers to problems, and that makes it so much easier to get through the verbiage, and as a result there is a clarity to your answers that rings rather true.

You have been a friend. I join with my colleagues in extending to you and Pauline our appreciation and our affection.

If I have a regret relating to the Senate, I suppose, Arthur, it would be that in 1979, when I was first invited to come to the Senate by the Prime Minister, the Right Honourable Joe Clark, I could not accept because of the minority position of our government. Had I been able to come here in 1979, I would have had the pleasure of knowing Arthur Tremblay a little longer. Good luck and good health!

Hon. Lorna Marsden: Honourable senators, I should like to pay tribute to Senator Tremblay from the perspective of the Standing Senate Committee on Social Affairs, Science and Technology, on which we have served together for many years.

Senator Tremblay was a distinguished chairman of that committee. Under his direction the committee dealt with legislation and also produced three reports. The first report was An Analysis of Child and Family Benefits in Canada (1985); the second report was on Child Benefits: Proposal for a Guaranteed Family Supplement, which appeared in 1987, and the third was the Child Care report, 1988.

This committee was an important experience for us all under Senator Tremblay's leadership. Because he insisted on it, the work was always well informed, careful and detailed and painstaking. With great patience, and always with great courtesy and wisdom, he led us to produce excellent reports. Sometimes the work did not go at the speed some of us would have liked. Senator Tremblay will remember those experiences. I was one of those who sometimes wondered whether the work would come out the way it should.

I was relieved, during that period, to read a profile of Senator Tremblay in *l'Actualité* in which not only his illustrious career was described but also his working methods. His painstaking, careful, wise and excellent work was described, by public servants in Quebec who had worked with him, as being the result of being "Arthurized".

Senator Tremblay, I think you "Arthurized" all the members of the Standing Senate Committee on Social Affairs, Science and Technology. We are all much the better for it and very grateful to you. We wish you all the very best in your future.

[*Translation*]

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, I should not want to let this opportunity pass me by to join in this tribute to our colleague Arthur Tremblay.

I, of course, had known "professor" Arthur Tremblay for a long time, but by repute only. It was not until he was appointed to the Senate that I was introduced to him by one of our old colleagues, as he may recall, namely the honourable senator Maurice Lamontagne. At that time, we used to get together in my office for a drink and to talk about the major issues facing Canada. That is where I met my colleague Arthur.

I must say that, with his usual courtesy, I believe he never referred to me as "his colleague Gildas". He always called me "senator". But we often had chats.

Later, I had a truly interesting experience working with two distinguished senators, Senator Arthur Tremblay and Senator Jean LeMoyne, when I co-chaired the Special Joint Committee of the Senate and House of Commons on Senate Reform.

When the time came to draft the report, you can imagine how hard it was, with two experts not only on Canadian and constitutional matters but also on linguistic matters, to produce a report!

Finally, the Committee came to a decision. We asked the two senators, Senator LeMoyne and Senator Tremblay: "Please get together in a hotel room for the weekend and, between the two of you, come to an agreement on this report!" That is exactly what they did.

Let me tell you that the end product was perfect. We did not get one single complaint regarding either the report or the language, French or English. I think it was the first time, or one of the first times, that a Senate report was approved just like that, no questions asked.

Senator Kelly, who had the misfortune of being faced with real linguistic problems as Chairman of the Special Committee on Terrorism, will no doubt recall how important this is when preparing a report.

Senator Tremblay, I personally thank you.

[*English*]

Hon. Richard J. Doyle: Honourable senators, I brashly stand, after listening to such a company of scholars and tribunes, particularly to speak in—may I say it—the other language. I know we will all miss the continuing presence of our colleague. I, in particular, shall miss him. For the seven years that the Doyles have lived in Ottawa, we have had Senator and Mrs. Tremblay as our next door neighbours, and better neighbours one could not have. We arrived at that opinion even without hearing all of the things we have heard this afternoon that, had we known them, might have intimidated us the first time we met in the laundromat.

I have known Senator Tremblay longer than any other member of this chamber. Thirty years ago, the editors of the now defunct *Montreal Star* became alarmed that the journalists in this country generally, outside of Quebec, had no idea what terrible things were about to happen in the name of maîtres chez-nous, so they sent an invitation to a closed gathering of editors and columnists in Montreal. That gathering lasted for two days and we were subjected to alarms and aspersions from all sorts of celebrities. I remember in particular Eric Kierans, Marcel Parizeau, René Lévesque and Arthur Tremblay, part of a noble company. I might say that those of us from English Canada hurried home to caution our colleagues about what things were afoot in Lower Canada, and to tell them to be prepared and perhaps change their ways.

My publisher was so impressed by all this that he arranged a dinner party for a few of his friends, 30 odd souls like Leslie Frost, Wally McCutcheon and such. We told them what the risks and dangers were. Now this was 30 years ago. I might say that we were hardly through our program when Wally McCutcheon rose up, turned to my publisher and said, "Now listen here", he said, "I know Quebec very well". He said, "I go down their for meetings all the time and I meet the people." And he said, "There is no problem down there." And I hesitated in acknowledging the hospitality that had been shown to us; I hesitated to pass that message on to those who had spoken so eloquently. All I can say now is that it must be a great comfort for Arthur to know that now Ontario is totally enlightened, just as he intended it to be, and Quebec is totally satisfied with the state of affairs.

Hon. Arthur Tremblay: Thank you, Senator Doyle. He has a particular way of expressing things so well with his humour. So thank you very much, dear neighbour.

[*Translation*]

Honourable senators, in the past three quarters of an hour, I had a thought that perhaps I should not express. Perhaps Senator Roblin was not altogether wrong in staying away from the ritual adieux in the Senate when a senator retires on reaching the mandatory age.

To be sure, modesty is sorely tested in such a circumstance. So you will understand that I may have been tempted to imitate the one who for a long time was my leader in this House.

On the other hand, I gladly admit (in all modesty, of course) that it is not unpleasant—far from it—to hear oneself talked about as has just been done!

[*English*]

Not only is it not unpleasant, but it is even reassuring in a certain way to hear people say that what you have tried to accomplish has had an impact on the development of your country and that you have been able, through your actions, to be of use to those you have tried to serve.

[*Translation*]

There is thus some ambivalence in what I just said.

Usually, in ambivalent situations of this kind or faced with contradictory impulses (forced to look inside oneself, for all practical purposes), I have always felt that it was better not to give in to one's spontaneous intuition but to follow custom and tradition. That is why, although I was tempted, perhaps, I still came this afternoon.

One reason that I came was to thank those who spoke. Senator Murray, I was very touched by what you said! Of course, I do not forget that we are from the same batch of senators, so to speak, since we were appointed to the Senate by Mr. Clark in the same year.

But there is more than that. I will just mention this episode, if we can call it that. I do not forget that when we had to take a position right here in the Senate on the constitutional resolution in 1981, the situation was quite dramatic for Quebecers. At that time, you too said no to that way of proceeding to achieve an objective that everyone agreed with: finally repatriating the Constitution. But the way things were done made it quite difficult for some Quebecers to agree.

Senators from outside could surely understand it much better. Nevertheless, your perception of what was happening in Quebec led you to join us and I really thank you with all my heart.

Senator Frith, I am very grateful to you too for everything you said. You mentioned some occasions when we were able to talk to each other. I think that you went to see Jean Marchand when you were on the Bilingualism Commission. That was one occasion when we saw each other and could talk.

Later, when I came to the Senate, we were in power and you were in opposition. But before long, the tables were turned. The incident I want to mention occurred some time after we were back in opposition, I think. I do not know how it happened, but at some point, we exchanged Latin quotations that I have forgotten. That was at a time when I had not yet fully understood how the party system worked in the Senate, if I may point that out. I was still quite ignorant of how far that might go! Unfortunately, I came to see that it went very far. I will say no more.

With their permission, I will thank all together the other senators who spoke.

To conclude, honourable senators, I will share with you some thoughts that came to mind. I thought of my parents, especially when my educational achievements were mentioned. My parents were of very low estate. My father was a lumberjack.

How they were able to have me, the eldest in a large family, educated in a classical college has always remained a mystery. They must have been willing to make sacrifices to do it. Something my father always said to me was, "Arthur, you will not have to do what I did." My whole academic career began right there. That is what I remembered. I share this memory with you; of course, it stirs deep feelings in me. Thank you, honourable senators.

• (1450)

SENATORS' STATEMENTS

[*English*]

GENERAL ELECTION

NUMBER OF DAYS LEFT IN CURRENT TERM

Hon. Royce Frith (Leader of the Opposition): Honourable senators, I am sure no one would want the day to go by without knowing about the clock. For the democrats

there are 157 days left, and for the cowardly and contemptuous of democracy there are 543 days left.

ROUTINE PROCEEDINGS

MOTOR VEHICLE SAFETY BILL

REPORT OF COMMITTEE

Hon. Mabel M. DeWare, for Hon. Nathan Nurgitz, Chairman of the Standing Senate Committee on Legal and Constitutional Affairs, presented the following report:

The Standing Senate Committee on Legal and Constitutional Affairs has the honour to present its

SEVENTEENTH REPORT

Your Committee, to which was referred the Bill S-8, An Act to regulate the manufacture and importation of motor vehicles and motor vehicle equipment to reduce the risk of death, injury and damage to property and the environment, has, in obedience to the Order of Reference of Thursday, May 7, 1992, examined the said Bill and now reports the same with four amendments:

1. That the English version of clause 2 be amended by striking out lines 20 to 22 on page 1.

2. That clause 12 be amended by adding, immediately after line 3 on page 11, the following:

   " (5) A technical standards document is not, prior to its incorporation by reference into a regulation, a statutory instrument for the purposes of the *Statutory Instruments Act*."

3. That clause 13 be amended by striking out line 15 on page 11 and substituting the following:

   "not a regulation for the purposes"

4. That Schedule I be amended by striking out items 2 and 3 on page 17 and substituting the following:

   "2. Equipment for use in the restraint of children and disabled persons".

Respectfully submitted,

NATHAN NURGITZ
Chairman

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

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

MR. BORIS YELTSIN, PRESIDENT OF RUSSIA

ADDRESS TO MEMBERS OF THE SENATE AND OF THE HOUSE OF COMMONS

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, I give notice that tomorrow, Thursday, June 18, I will move:

THAT at 10:30 a.m. tomorrow, Friday, 19th June, 1992, the Speaker shall interrupt the proceedings to permit Honourable Senators to attend the Joint Address by Boris Yeltsin, President of Russia, to be delivered in the House of Commons Chamber; and

That the Address of Mr. Yeltsin, together with all introductory and related speeches, be printed as an Appendix to the *Debates of the Senate* of that day.

APPROPRIATION BILL NO. 2, 1992-93

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-87, for granting to Her Majesty certain sums of money for the Public Service of Canada for the financial year ending 31st March, 1993.

Bill read first time.

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

On motion of Senator Lynch-Staunton, bill placed on the Orders of the Day for second reading on Friday, June 19, 1992.

[*Translation*]

INTER-PARLIAMENTARY UNION

EIGHTY-SEVENTH CONFERENCE, YAOUNDÉ, CAMEROON—REPORT TABLED

Hon. Gérald J. Comeau: Honourable senators, I have the honour to present the eighty-seventh report of the Interparliamentary Conference held in Yaoundé, Cameroon, April 6 to 11, 1992.

● (1500)

[*English*]

BANKING, TRADE AND COMMERCE

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

Hon. John Lynch-Staunton (Deputy Leader of the Government), for Senator Poitras, Chairman of the Standing Senate Committee on Banking, Trade and Commerce, with leave of the Senate and notwithstanding rule 59(1)(a), moved:

That the Standing Senate Committee on Banking, Trade and Commerce have power to sit at 4 o'clock in the afternoon tomorrow, Thursday, June 18, 1992, even though the Senate may then be sitting, and that rule 96(4) be suspended in relation thereto.

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

Hon. Senators: Agreed.

Motion agreed to.

[*Translation*]

GOODS AND SERVICES TAX

PRESENTATION OF PETITIONS

Hon. Royce Frith (Leader of the Opposition): Honourable senators, on behalf of Senator Hébert, I have the honour to present petitions signed by 75 residents of Ontario who object to the good and services tax. Most of these petitions are from Brampton, Bramalea, Peterborough, Thornhill, Scarborough and Toronto.

Honourable senators, again on behalf of Senator Hébert, I have the honour to present petitions signed by 579 residents of British Columbia who object to the goods and services tax. These petitions are mainly from Vancouver, Logan Lake and Surrey, where a total of 579 residents say they strenuously object to the GST and hope against hope that the present government will lend an ear, however distracted, to their request.

QUESTION PERIOD

[*English*]

LABOUR

AIR INDUSTRY—LABOUR PRACTICES OF NATIONAIR AIR LINE

Hon. Raymond J. Perrault: Honourable senators, some material concerning the labour situation at Nationair was provided for me last week by an employee of Nationair, and I rise in the hope that the Leader of the Government in the Senate may be able either to provide or to obtain some information relating to a labour dispute at Nationair.

Nationair is said to be Canada's third largest airline flying charter flights all over the world. It is alleged that when Nationair's flight attendants tried to form a union, 17 of them were fired, whereupon the Canada Labour Relations Board informed Nationair that such practices are illegal. It is further alleged that when ten flight attendants refused to work beyond an 18 hour day, it is alleged that the company fired them and claimed damages from them.

Apparently these contract talks have lasted over four months, and it is said to be a very bitter dispute. I am sure management has counter-statements that it would wish to make in reply to these allegations.

It is alleged further that Nationair locked out its flight attendants in Toronto and Montreal and hired replacements at a training cost of more that $200,000.

[Senator Lynch-Staunton.]

Are any efforts being extended by the Minister of Labour to try to resolve what appears to be a very bitter dispute in a troubled industry.

Hon. Lowell Murray (Leader of the Government): Honourable senators, I must confess that this is the first time this matter has come to my attention. I will ask my colleague Mr. Danis if he has any information on this matter that he can communicate to the Senate.

EXTERNAL AFFAIRS

REQUEST FOR INTERCESSION IN LAMONT-SPENCER CASE

Hon. L. Norbert Thériault: Honourable senators, I have a question for the Leader of the Government in the Senate, following up on a question I asked him on Thursday, June 11, 1992.

Honourable senators, I must say that I was not impressed with the arrogance shown by the Leader of the Government that day in answering my question. He left me with the impression that questions may be asked in the Senate, but one has to be careful how one words them.

My question today, as I said, arises from that question, and it concerns the Lamont-Spencer situation. Although the Leader of the Government in the Senate made me feel that I did not know what I was talking about when I asked the question, since then a committee of the other place has had the chance to question officials of the Department of Justice; members from all parties have come to the conclusion that in fact the Secretary of State for External Affairs should move on the question and should revisit the file, which in fact was the question I put to the minister. I was talking about the possible expulsion by Brazil of the two people concerned.

Part of his reply to my question was:

> I think the point is moot anyway, because it is my understanding that the government of that country would not do so in any event.

That is contrary to the information that was given to the committee by the lawyers representing Spencer and Lamont in Brazil.

Therefore, I ask the Minister again, now that a committee of the other place representing members of all parties has come to that conclusion and is about to present, or has already presented, a motion to the House of Commons asking the Minister to revisit that file and change her mind, will he now take a kinder approach to my question?

Hon. Lowell Murray (Leader of the Government): Honourable senators, I have no doubt that the Secretary of State for External Affairs will give all due and careful attention to the report of this parliamentary committee.

ORDERS OF THE DAY

CRIMINAL RECORDS ACT

BILL TO AMEND—SECOND READING—DEBATE CONCLUDED

On the Order:

Resuming the debate on the motion of the Honourable Senator Comeau, seconded by the Honourable Senator Doody, for the second reading of Bill C-71, An Act to amend the Criminal Records Act and other Acts in consequence thereof.

Hon. P. Derek Lewis: Honourable senators, I am pleased to rise and speak on second reading of Bill C-71, which deals with amendments to the Criminal Records Act. I want to say at the outset that I agree with the principle of the bill and its objectives. Moreover, I congratulate Honourable Senator Comeau on his excellent explanation of the bill and how it is meant to improve the operation of the Criminal Records Act.

● (1510)

All senators, I am sure, are cognizant of the traditional Royal prerogative of mercy. In addition, there are provisions in the Criminal Code which extend the Royal mercy, by way of pardon, to persons sentenced to imprisonment. Likewise, the code also provides that a person convicted in proceedings by indictment may apply to the Minister of Justice for mercy by way of a new trial or an appeal of conviction.

In addition, we have the Criminal Records Act, which has been in our statutes since 1970, and which provides a further means by which a person convicted of an offence can obtain the exercise of the prerogative of mercy or of pardon from a criminal conviction. This is the act which Bill C-71 intends to amend.

In passing, it should be noted that the bill specifically preserves the Royal prerogative of mercy and the provisions of the Criminal Code relating to pardons.

As Senator Comeau has explained, under the present provisions of the act a person convicted of an offence, in order to avail himself of its terms, had to apply to the Solicitor General who would then refer the application to the National Parole Board. The board, subject to certain time constraints, would institute inquiries to ascertain the behaviour of the applicant since his conviction. After completion of such inquiries, the board would then report to the minister on the result thereof with recommendations as to whether a pardon should be granted or not. If the board was not prepared to recommend a pardon, the applicant would then be given an opportunity to make representations to the board. After all of that took place, the board would then transmit its recommendation to the minister who, in turn, would then refer the matter to the Governor in Council, who may then grant the pardon.

All of this procedure, as Senator Comeau has said, is cumbersome, time-consuming and costly. It involves much paperwork and time of officials and cabinet ministers. The increase in the number of applications has resulted in long delays in dealing with applications and a great backlog of cases, which Senator Comeau has detailed.

Because of this, over the years, there has been considerable criticism of the system. As a result, at long last a move has been made to streamline the procedure.

Under the proposed new scheme, the Parole Board is to be given exclusive jurisdiction to grant, refuse or revoke pardons. This will result in a much speedier and more efficient handling of applications. One very important change that is proposed is to delete the provision of the act that deemed absolute and conditional discharges granted by a criminal court judge to be convictions for the sake of gaining pardons. This was unjust, and its removal will reduce considerably the numbers of applications which were heretofore required.

The details of the proposed changes to the act have been well detailed by Senator Comeau. I feel that they go a long way towards improving the whole pardon system, even if it is so late in coming. As such, I believe the bill deserves our support. Having said that, I feel there are a few comments I should make which may be of interest to senators who will sit on the committee, if and when the bill is so considered.

First, the Criminal Records Act, as I have said, is one of the means by which a person convicted of an offence can obtain the exercise of the prerogative of mercy or of pardon from a criminal conviction. It provides that after stated periods of time, such a person can have his or her record of conviction taken off the slate so that they will henceforth not be under that cloud.

It is to be noted, however, that the act deals only with the question of the granting of pardons. It does not deal with the management of criminal records. As such, the act is misnamed. It should really have been entitled the pardons act, or some such title, making it clear that it deals only with the record of conviction. As such, the name is misleading. Further, neither the act nor the present bill define what is meant by "criminal record", "pardon", or "good conduct" which, from a technical point of view, leaves some questions up in the air.

Whilst a pardon granted under the act has the effect of vacating the conviction, and removes the fact of the conviction from the offender's record so that he or she can say truthfully that they have no criminal conviction, it does nothing to provide for the removal or the closing to public scrutiny of police files or court records of trial. In this respect, it must be remembered that where an offender pleads guilty to, or is found guilty at trial of an offence, this fact will be in the public court record. Then again, court proceedings are given wide publicity by various media. No provisions are made to deal with this aspect. Records remain where they are.

Whilst not defining "pardon", the bill only tries to show what is its effect. You will see from clause 5 of the bill that

"pardon" is evidence that the Parole Board is satisfied in the case of indictable offences, or what we might call serious offences, that the offender has been of good conduct and, in the case of all offenders, so pardoned, the conviction should no longer reflect adversely on the offender's character. It does not provide that such conviction shall not adversely affect the person pardoned. It is only a pious hope.

It is to be recognized that by the time the pardon has been granted, the record of conviction has, in many cases, come into many private hands such as the records of insurance companies and bonding houses. No provision is made to eradicate these records.

With respect to the provision that the Parole Board has been satisfied as to the good conduct of an applicant, there is no definition as to what this means. Is it restricted just to the absence on the part of the offender of criminality, or does it intend, and can it be interpreted, to mean just unsocial behaviour? This should probably be made more clear, otherwise there may be complaints as to the basis on which the board renders its decisions in the future.

Another problem that arises concerns the question of correcting the record of convictions that may have been supplied to other countries. Remember, many years may intervene between conviction and pardon. This is a particular problem as it relates to border services with the United States. There is apparently a mutual exchange of such information which may adversely affect cross-border travellers. No mechanism has been provided, as far as I can determine, to require American authorities to delete notations of convictions from their records once a pardon has been granted. Senator Comeau has made reference to this state of affairs and to our inability to force other countries to delete such records, but surely there should be some provision to cover this situation.

Honourable senators, despite the foregoing, in my opinion, the proposed bill is an improvement over the present situation. I support it in principle and trust it will be given further study in committee.

Hon. Senators: Hear, hear!

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?

On motion of Senator Comeau, bill referred to the Standing Senate Committee on Legal and Constitutional Affairs.

[Senator Lewis.]

CIVILIAN WAR PENSIONS AND ALLOWANCES ACT

WAR VETERANS ALLOWANCE ACT

PENSION ACT

BILL TO AMEND—CONSIDERATION IN COMMITTEE OF THE WHOLE

On the Order:

The Senate in Committee of the Whole on the Bill C-84, An Act to amend the Civilian War Pensions and Allowances Act, the War Veterans Allowance Act and the Pension Act and to amend other Acts in consequence thereof.

Hon. John Lynch-Stauton: Honourable senators, I am informed that the minister of Veterans Affairs is here. As agreed, Imove that we go into Committee of the Whole and invite him. with his officials, to discuss Bill C-84 with us.

Hon. Senators: Agreed.

The Senate was accordingly adjourned during pleasure and put into a Committee of the Whole on the Bill, the Honourable Senator Gerald R. Ottenheimer in the Chair.

Pursuant to rule 21 of the *Rules of the Senate*, the Honourable Gerald Stairs Merrithew, Minister of Veterans Affairs, was escorted to a seat in the Senate chamber.

Senator Murray: Mr. Chairman and colleagues, I think everyone knows the Minister of Veterans Affairs. The honourable Gerald Merrithew is the member of parliament for Saint John, New Brunswick. He is a parliamentarian of very long experience, having served in the New Brunswick legislature for 12 years in three different portfolios. He came to Parliament in 1984, and has served in a number of portfolios here, Minister of State (Mines and Forestry) among them. He has been Minister of Veterans Affairs since 1988.

Without further ado, Mr. Chairman, I invite the minister to make an opening statement and then to take questions from members of the committee concerning this bill.

The Hon. Gerald Stairs Merrithew, Minister of Veterans Affairs: Thank you very much, Senator Murray, Mr. Chairman, honourable senators. I welcome the opportunity to appear before the Senate in Committee of the Whole regarding Bill C-84, which is basically an omnibus bill dealing with two main issues, those being benefits for the merchant mariners and amendments to the War Veterans Allowance Act regarding allied resistance fighters.

I would be remiss if I did not take this opportunity to congratulate our colleague, Senator Jack Marshall, and his Senate Subcommittee on Veterans Affairs for the part they played in giving birth to Bill C-84. Believe me, there is no shortage of people lined up to take credit for that particular government initiative, but Senator Marshall has been very tenacious. He

has worked very hard and long to bring these benefits to this very special group of veterans.

I think you have found that the legislation responds to the recommendations put forward by your Senate Subcommittee on Veterans Affairs. In fact, the bill you are considering today, C-84, is both practical and symbolic. It gives our merchant navy veterans the same access to benefits as wartime veterans of the Canadian Armed Forces and also recognizes the importance of the role played by the merchant navy in time of war. That is extremely important.

Up until now, merchant navy veterans enjoyed most of the benefits, but were not regarded as veterans. This bill will make them merchant navy veterans. They take part in our veterans' parades but they are generally not up front with the veterans of and Army, Navy and Air Force. Bill C-84 says, in effect, that the merchant navy was the fourth arm of the service.

Merchant navy veterans have been campaigning for this type of legislation for a long time, essentially since the war. The government wants them to start reaping their long-awaited benefits on July 1. Therefore, as you probably know, the other place voted unanimously for Bill C-84. In fact, all parties were most cooperative in passing it in all stages, including clause-by-clause in Committee of the Whole House, in one sitting day.

I understand, honourable senators, that there has been some concern about the changes affecting the resistance members encompassed in this bill. Let us go back to the start of the War Veterans Allowance Program in 1930. It was passed by Parliament in the thirties, and has been amended several times since then, to help those who had survived World War I and were then down and out financially. Parliament reasoned that those who had spent many months in the wet, slimy, rat-infested trenches were likely to age more quickly than someone who had spent the war by the home fire. With typical black humour, the veterans dubbed it "the burnt out pension". In fact, it is not a pension at all; it is income assistance to needy veterans.

Moving up to today, if these amendments are not approved, the War Veterans Allowance Program will become a program primarily assisting members of the allied resistance groups. Without Bill C-84, resistance members are projected to account for 60 per cent of this program within five years, many of whom would have been far too young to serve in uniform in time of war. In fact, of the approximately 1700 applicants who are in the queue and were cut off by my announcement on March 2, 1992, 85 per cent would have been children too young to serve in uniform in time of war.

In addition, as you know, we have to validate their service. The certificates validating resistance make no distinction between the kinds of resistance or underground service they had in time of war. They could have been a saboteur, they could have carried a rifle or they could have carried water to someone else. It is an extremely time consuming process to verify that. We have no employees in other countries verifying this, so it is an extremely difficult procedure.

Honourable senators, we are paying tax-free benefits to 5,500 people who had no formal military history. Another 1700 are lined up trying to join them. If we accepted them, it would cost $30 million in retroactive payments and an ongoing annual expenditure of around $17 million.

Incidentally, we are the only country in the world to give benefits to allied resistance fighters. I think we have been more than fair in grandfathering the war veterans allowance rights being enjoyed by those initial 5,500 who won their eligibility by an interpretation of the War Veterans Allowance Act by a quasi-judicial body, or indeed by a judicial body, never with the intent of Parliament to give those kinds of benefits to resistance fighters. No Parliament since the inception of this act in 1930 intended for resistance fighters to get these benefits.

Let us remember, honourable senators, that these 5,500 people, a third of whom took their money and went back to their homelands, became eligible not by government intent, but by quasi-judicial interpretation.

Bill C-84 will return the War Veterans Allowance Program to its original intent, that being income assistance to our uniformed military personnel. You should know, honourable senators, that individual veterans and veterans' associations are fully supportive of the steps we are taking with regard to the issue of resistance fighters. I know that you have all been apprised of this by the Royal Canadian Legion, which has written each of you individually to indicate its support for both parts of Bill C-84. The Legion represents, of course, 600,000 veterans in Canada. At their annual meeting, to be held this weekend in Quebec city, they will deal with Resolution No. 16 regarding this issue.

Having said that, I am prepared to answer whatever questions honourable senators may have.

Senator Murray: Mr. Chairman, I neglected to identify the officials with Mr. Merrithew. They are Mr. David Nicholson, Assistant Deputy Minister of Veterans Affairs, and Mr. Keith Bell, Director of Income Support from that department.

• (1530)

Senator Marsden: Minister, for our side, we are extremely pleased that the government has at long last brought in a pension provision for the merchant navy veterans. On this side of the house, we have been strong supporters of Senator Marshall's struggle for this pension for merchant marine veterans; indeed, we wish that his bill had been accepted by this house originally. We certainly all voted with him. So you understand that there is absolutely no difficulty or ambivalence or question about the pension for the members of the merchant navy.

Our difficulty arises with clause 6.1, which you have addressed, the war resisters clause. Let me be very precise about where our difficulty lies.

There are many parts of this bill that represent no difficulty at all. We are not opposed to changing the existing situation so

that any future claimants might be ineligible. We are not opposed to the residency requirement. Indeed, we are not opposed to most provisions of this bill.

Our difficulty lies with the manner in which those who have applied for war veterans allowance as resisters—and whose applications are still under consideration, either directly or because of an appeal to the War Veterans Appeal Board, and who are awaiting a ruling by that board—will be, by the provisions of this bill, cut off. This bill then becomes, for such cases, a retroactive measure that lacks the principles of justice and fairness we believe are required in the laws of this country.

I wish to reiterate that we are not saying that those claimants should be necessarily eligible for a pension. If 85 per cent are not eligible, which is what you have just said in your remarks, then we agree that the claims should be disallowed.

What we are asking for is due process for those claimants. Some of them may very well be eligible for the allowance because they are truly war resisters. You know, as we all know, that people in such circumstances have played a very key role in the wars this country has fought. Those of us who have had relatives taken prisoner know how important the resistance movements were.

We are also aware of the parliamentary clock. We know that there is not necessarily enough time for an amendment. We are also very aware of the remarks made by Mr. Justice MacKay in the Alberta courts yesterday on a case heard in front of that court. He urged the people bringing the case to make an expedited sitting in front of Associate Chief Justice Jerome to deal with the matter. So we are aware of the fact that, should this bill pass in its current state, there would likely be legal action and appeals up to the Supreme Court.

Our question is this: Can the minister describe a procedure which he could undertake to deal with all the cases which were in the hands of the Department of Veterans Affairs at the time Bill C-84 was introduced to Parliament on June 4, 1992.

Mr. Merrithew: Honourable senators, out of habit, I shall stand in giving my answer to this question.

I wish to point out that the government gave this bill a good deal of consideration. We intended the matter to unfold in this way. The government dealt with this particular issue very deliberately in that it knew this was never the intent. It saw what was happening to a program that was never intended for this group.

However, we have taken certain steps. We called in the RCMP, as everyone is aware. There were a number of applicants — some that were in the queue and some that were already recipients of the benefit —who received their benefit fraudulently.

As I say, we called in the RCMP for the inspection, and that inspection is ongoing. At that time, we also wanted to tighten the system of verification of that service and validation of the certificates required to prove service. That meant drawing in another country. We met with officials from Great Britain. It meant changing the system entirely in that country, or any other country from which the applicant came. So it was a long and time-consuming process. There was no intent to try to slow the process down.

When the government did make a final decision in February of this year, it made a determination to cut off those applicants that were in the queue as of March 2, 1992.

Senator Marsden: Let me be clear, Mr. minister; we are not suggesting that, if there are fraudulent claims, such claims should be recognized, any more than we would under unemployment insurance or any of the myriad of programs that this government operates in the country. We are not suggesting that for a moment. So let us put fraud aside.

We are also aware that this is a difficult and time-consuming procedure. Your officials have made me aware of the difficulties involved, and I am sympathetic to that. However, it is entirely possible that among those 1700 cases there are perfectly legitimate claims being made. We suggest that it is not proper for the government to intervene retroactively.

There are cases in front of the courts—and you know more about them than we do, no doubt, but what we are suggesting is that, inconvenient though it may be, some process to uphold the standard of fairness and justice and due process that this country has is required in this case. It would be helpful to us all if the minister could indicate whether that is possible.

Mr. Merrithew: Honourable senators, the issue here is one of the intent of the legislation. You mentioned that they were perfectly legitimate claims. They might have been at the time. However, the government made a decision that they are no longer legitimate claims. We do not wish to honour resistance service. However, the government was extremely generous in allowing those that entered the system because of an interpretation by a quasi-judicial body to continue to receive benefits as long as they remain in this country or return to this country by March 2, 1993.

The fact of the matter is that there was a deliberate decision made. We wished to discontinue the eligibility of resistance fighters for this particular benefit and return to the original intent of the legislation, and the government did just that.

Senator Marsden: Mr. Minister, there are Canadian citizens who applied for this veterans' allowance two years ago or more, whose documentation has been completed, who applied under a circumstance similar to that under which others were receiving the allowance. It appeared that it was a perfectly proper procedure for such people to apply for such an allowance. As you know, claims have been made that the Department of Veterans Affairs has been stalling so as to prevent access from 1990 forward. There is one clear case, and there are many others.

You raised the question of people living abroad; I am not talking about that. You raised the question of fraudulence; I

am not talking about. I am talking about those Canadian citizens who have applied for this allowance under circumstances similar to the circumstances under which others were receiving the allowance.

I want to be absolutely clear: Are you telling us this afternoon that you are prepared at this stage, years after these applicants have applied, to cut them off retroactively? Is that what you are telling us?

Mr. Merrithew: You mentioned that documentation could have been completed. That may very well be. The process by which we make approvals was not completed. Anyone who had approval by March 2, 1992, received the allowance. Those who were in the queue, regardless of the stage at which they applied, were turned down.

That was a deliberate government decision. We were making a change; we were revisiting the original policy and the original intent of the legislation. That was a deliberate decision by the government.

● (1540)

Senator Marsden: In other words, the government is saying that it will not give any consideration to those citizens of this country who were legitimate war resisters and who applied for this allowance. The government has decided that some are eligible and others are not. The only criteria that may differentiate them is the date of March 2, 1992. Is that the case?

Mr. Merrithew: This is the third time that I have tried to repeat this: The government reviewed the matter. We took all the steps that we possibly could to deal with what we saw to be a difficult program to administer, a difficult program to document the kind of service that they had, and a difficult program to deal with fraudulent applications. Therefore the government made a decision to go back to the original intent.

We amended the legislation to tighten down the definition of what kind of service is eligible under the War Veterans Allowance Program. There are many veterans here who know exactly what was intended at that time. We are going back to that. That is the decision that we made. It is fully supported by the veterans of this country and, indeed, by the public.

Senator Marsden: No, it is not fully supported by the veterans of this country. It may be fully supported by the legion, which will perhaps pass its resolution next week. I think you are making a greater claim than can be made, but no doubt many veterans support it.

It must say to the members of the committee that the minister's answer is abundantly clear. The difficulty is that criminal procedures are also very difficult and time-consuming. The principle is the same here, that some people will be treated very unfairly. I find this section of the bill highly unsatisfactory.

Senator Perrault: I support the bill. I think that, on balance, it is worthy of support.

What is the average age of the merchant seamen who will receive this benefit? Do we have any idea of how old they are? How many claimants are expected?

Mr. Merrithew: The average age of our uniformed veterans is 71.1 years of age. We do know that the merchant mariners were, on average, older than our uniformed veterans. However, since they are not all on our roles for any of the various programs, it is very difficult for us to determine that. On average, we would guess that they would be the mid-seventies—75 or thereabouts.

Some 2,000 applicants will benefit from the changes made to the various programs under Bill C-84 that will now bring them in and make them eligible for benefits.

Senator Perrault: This is a philosophical speculation, but why has it taken so long? I am not blaming this government specifically—other governments have listened to appeals and have not acted on them—but what has been the impediment to providing these benefits before now?

Mr. Merrithew: There are people in this chamber who were here throughout, and who dealt with this issue, so I will not try to recreate history or redebate that particular issue. I want to make sure that everyone understands that the merchant mariners of this nation were eligible for almost all of the programs—that is, except long-term care—that our uniformed veterans are eligible for. However, the access by which they would get into these programs was not as wide. There was more restricted access to the programs. Therefore they felt that they were not treated in the same way as were uniformed veterans, but in fact they were.

What caused the problem? The greatest problem after the war was that in this country we had more than a million men and women that we had to demobilize. We had to get them back on "civvy street"; get them retrained; get them back to university and re-establish their credits and all the training schemes we had, for example the Veterans Land Act.

The problem was that our merchant marine, which at that time had grown to a large merchant marine, had every intention of continuing at the end of the war. The people who were in the merchant marine at the end of the war intended to continue with it, and they had jobs. The people and the governments of that particular day said, "Our priority has to be our uniformed veterans." That has happened time and again, over the years. Therefore that was probably one of the fairly good reasons that existed for it at the time.

I will not try to answer for other governments in the intervening years; I can only answer for what this government is doing.

Senator Frith: I want to thank you for making the government's position clear as you have, in some cases, by repeating your information.

I want to be sure about two things: First, that I do understand the government's position; and, second, that you understand ours. I am not as sure about the second as I am about the first.

The government's position is that there is good reason, on the basis of experience, to shut down this program of pensions for resistance fighters. One of the most glaring reasons is that some of the applications are made by people who are of an age that they could not even possibly have been resistance fighters.

The difficulty is that somehow you have interpreted our questions as quarrelling with the objective of the legislation on resistance fighters. It is understood that everyone here supports the merchant navy portions; we are only talking about the resistance fighter side and their pensions.

There has been a program in effect, and people have applied. There has also been an experience of abuse and the government has decided to shut down the program. Is that a fair summary of the situation, and that this is a deliberate decision by the government?

Somehow our questions are being interpreted as if we disagree with shutting down the program, which is not our concern. Our concern is with the process, which establishes a precedent for retroactive legislation. That is my only concern and, I think, Senator Marsden's only concern.

Principles most frequently turn up in cases where their breach is rationalized on the grounds of the specific circumstances of the case. But the situation is still that we had a law in this country that enabled people to make applications for pensions as resistance fighters. The government decided to change that law. Frankly, I am quite persuaded about the good reason fore the change.

The bill itself was introduced on June 4 and it is retroactive to March 2. That does not seem like much. Everyone says, "Well, what do you expect? These people do not have any rights. They are all wrong anyway." Maybe they are. But what is to change that principle? For example, someone has a law suit pending based on a law of the land. They are half-way along in the law suit and suddenly the government—not necessarily your government, but any government—says "That right no longer exists. That right is being removed retroactively."

On the basis of what you have told me, I would not be surprised if you accepted our suggestion, namely, that you simply process the applications that are in the stream now. I doubt that you would hear any complaints from anyone if you disallowed them all in the course of processing. The problem lies with the principle of the retroactivity. I have no difficulty with saying that there will be no more applications accepted, but to retroactively shut off applications—I am not referring to the cause of any particular resistance fighter applying, but just to the principle—is something that I have some difficulty with. You could end up with the same resultby simply saying, "Effective June 2, there will be no more claims accepted. We will process the claims that we have," and then you reject all the claims. You end up with the same result.

You do not, by doing that, breach the principle of retroactivity.

[Senator Frith.]

Mr. Merrithew: I want to mention the dollar figure. There are 1700 of these people, and it involves an enormous amount of money. It is really skewing the whole intent of the program, which is very valuable for our uniformed veterans, our formal military, not only here in Canada but in Great Britain and in other countries, who served in the time of war.

Senator Frith: Disallow them all.

Mr. Merrithew: This decision is effective. There has to be a cut-off date. We chose that date. The government agreed to that date at the time, and we announced it. We cannot go back. How far back? Maybe we should cut everybody off. Maybe we should not have been generous and let those people who have already sneaked in, most of them between 1985 and 1990, into the system. Maybe we should have cut them all off. We had the choice of doing that. We did not do that. We were extremely generous. Those that earned their entitlement because of an interpretation of a definition in the act were allowed to stay. We were very generous. We never intended for those people even to become recipients, as well as the other people who lined up in the system. The fact is that the government made a firm decision and a cut-off date was chosen. The government concurred and we cut off those people in the queue.

Senator Frith: That is the fourth time you have said that, and I guess I did not make myself clear. There is no question that it was a deliberate decision. We are not saying that you did it accidentally or that you did not realize that you had casually sideswiped someone. I know it was a deliberate decision. I understand that. That is what Parliament is here for, to review deliberate decisions. I am not suggesting it was accidental. I am simply raising the fact that the consequence of that decision is retroactivity. It is a breach of the principle that you do not pass a law with retroactive effect, if you can avoid it. I cannot see that it is difficult to understand that a law that is introduced in June 1992 and takes effect in March of that year is retroactive in application. I guess the only answer I want is, "Yes, we did that, we knew it was retroactive and it does not bother us." If it does not bother you, all we can do is propose an amendment. If you will say to me, "We know we did it, we know it was retroactive, we will not change its retroactive application", then we will know that you do not care whether or not the legislation is retroactive.

Mr. Merrithew: Honourable senators, when we made that particular announcement on March 2, we indicated that the program for that particular group would cease as of that date. At the same time we said that the government intended to amend the legislation, and we have done that in the fastest time possible. That is the reason we have this particular piece of legislation before us now. The fact is, the decision was made. Call it retroactive if you will. We announced at that time that the legislation would be amended, and we have done just that.

Senator Frith: You do not see any distinction, minister, between saying that there will be no more applications

accepted as of March, 1992, and saying that the program will be shut down and that anyone who made a valid application prior to that date will be excluded? Do you not see the retroactive effect of that? It is retroactive because you have shut off those in the stream: They made applications at a time when they were entitled to do so. If you say, "Yes, I see the distinction and I do not care", then I guess we have it straight.

Mr. Merrithew: As I mentioned, we did not take away any benefits from those who were in the program then. We made the decision—

Senator Frith: There is a difference between being entitled to apply and having an application in.

Mr. Merrithew: Nor did we freeze the applicants at the time. We said, "Effective March 2, 1992, this particular client group will not be eligible for that program." It was for a very good reason. In 1987, only 5 years ago, this particular group took 2 per cent of the applicants and 6 per cent of the dollars. In five years the whole program will be skewed such that they take 60 per cent.

Senator Frith: I am not arguing about that.

Mr. Merrithew: The government has made a firm decision and we are not changing that.

Senator Frith: I take it that the retroactivity does not trouble the government, and I guess I will have to give up at this point.

Senator Bonnell: Mr. Chairman, first I would like to welcome the minister to the chamber and tell him that in this place he need not stand up each time. He can sit back, relax and enjoy himself, because he might be with us here a few years down the road. If you do not get the Constitution straightened out, maybe you will not even have to get elected.

I would like to ask a couple of questions. The first one relates to the merchant seaman. Why are they not called war veterans?

Mr. Merrithew: I will take your advice and sit. We chose to do that purposely. People who served in the armed forces are obviously armed forces veterans. The key word is "veteran". These are merchant navy veterans as opposed to armed forces veterans. It is all semantics. They are veterans; they get the same benefits as the veterans who served in uniform. They are very proud of being merchant navy veterans, they we are not opposed to that name at all.

Senator Bonnell: Was anybody else opposed to that name? If so, is that why you left out the words "war veterans"?

Mr. Merrithew: We spent a long time on this. We gave this particular issue the longest and most thorough policy review since World War II. We consulted with the Merchant Mariners Coalition, the National Council of War Veterans, the Army, Navy and Air Force and the Royal Canadian Legion. We have had literally hundreds of hours of discussions. I do not remember it being brought to my attention that they wanted to be called war veterans. I do not think it should matter. They are proud to be merchant navy veterans. The key to this whole term is the word "veteran". They had never been called veterans before and that is something they take a great deal of pride in.

Senator Bonnell: I congratulate you for bringing this bill before us. I only wish you had done it sooner. Sometimes you cannot persuade all your colleagues to move as fast as you and I would like them to. I have received some calls from a few of these merchant seaman veterans wondering why they were not called war veterans. I suspect it was a deliberate decision. As long as they are qualified and receive all the benefits, I am happy.

Mr. Merrithew: They want the benefits.

Senator Bonnell: They want them by July 1, and, after this bill is passed, they want you to proclaim the act as quickly as possible.

Mr. Merrithew: Honourable senators, I am prepared this afternoon to call the Governor General to come in for Royal Assent, if you will give it third reading. I can therefore take any amendments to the regulations through cabinet tomorrow morning and we will have it by July 1. I am here to cooperate and I am sure you are too.

Senator Frith: Why don't you cooperate? We did all the cooperating.

Mr. Merrithew: I would hope so.

Senator Bonnell: Let me ask a question about the word "service". Did the department spend much time in trying to define the word "service" as distinct from service for war veterans?

Mr. Merrithew: A great deal. We spent a lot of time in the definition of what a merchant navy veteran is. It is an extremely complicated question. We wanted to make sure that we excluded every group that wanted to be excluded—for example, the saltwater fishermen. We included all those who saw service on the high seas, including those who were under fire in dangerous waters. A great deal of time was spent on the exact wording of the definition of a merchant navy veteran. That is not an easy thing to do. Of course that is exactly the thing that causes all the difficulty in the allied resistance, the interpretation of a definition. We wanted to make it as thorough, as careful and as clear as we could. I could go through the interpretation of what is included, but I suspect you would know the issue as well as I.

• (1600)

Senator Bonnell: Well, I do not know it as well as you do, but I do not need you to go through all that detail.

It seems to me that a uniformed veteran comes into service the day he signs up, and he is still in service until he gets back to his homeland and is discharged. On the other hand, it seems that these merchant seamen servicemen have to be on their ships before they go into service, and if they happen to be sunk at sea while they are on their way back home to Canada, they are not in service. Once their ship goes down at sea, they are out of service. It seems it is a very quick shut-off on what

service is for a merchant seaman compared to a uniformed veteran.

Mr. Merrithew: There is no question the systems were quite different, one being, of course, controlled by the Department of National Defence and the other by the Department of Transport. The merchant mariners, of course, were in manning pools. Many of them would sit for weeks or months in the manning pool, just being there. Obviously, they are not on duty in terms of the insurance principle for disability pension. What we tried to do was be as fair as possible, so we included "on service" as being while actually on a high-seas voyage or on the way—on call, if you will, or call to duty—on the way to that high-seas voyage, on the ship which would take a high-seas voyage, and on the way home from it. For the insurance purposes under the Pension Act, that is what we call "service" or "duty".

Senator Bonnell: You are telling me now that, if a seaman was coming home by airplane, say from the shores of France where he was rescued, he would still be on service according to this act?

Mr. Merrithew: Yes, by all means. What we want to do is make it broader that simply from the time they set foot on board ship—that is, a ship which is actually doing high-seas service or high-seas duty. Should they have been called by the manning pool to report for service, we want to include the trip from their home to that service, including, of course, from the time they were either hurt or sunk or were signed off until they got home.

We tried to make it as broad as possible in order to help as many of the merchant mariners as we could.

Senator Bonnell: Can you tell me why the government or the department or the minister decided to spoil a beautiful act for the war veterans, the merchant seamen, by bringing the resistance fighters into the same bill? Why did they not come in in two different acts?

Mr. Merrithew: I am not a drafter of legislation; neither am I a lawyer. I take advice, the same as you take advice, senator.

Senator Bonnell: You are a good politician.

Mr. Merrithew: Senator, there are certain bills that come before our house and this house that are called "omnibus bills". They touch on several issues in the one bill. That is a routine thing that happens all the time. We were told that if you wanted to wait—

Senator Frith: We had to the wait for the ringing of the bells for three weeks when it was done on another occasion.

Mr. Merrithew: There were other times when it was done very quickly too, senator. If you wanted to wait, it would have been three additional months, we were told, and since we are losing our merchant mariners at the rate of two or three a day, we took the propitious decision to let it proceed with the two together.

[Senator Bonnell.]

Senator Bonnell: But don't you think, Mr. Minister, it would have been much nicer for these merchant seamen had they had a bill of their own, rather than giving them the feeling, "We are cutting off other people who are putting in veterans applications"? You could have had a nice merchant seamen bill, and you could have stood up in Halifax and waved it, and you could have taken Jack Marshall with you—and you could take me the next time.

You brought in this legislation concerning these resistance fighters at the same time. You could have brought the resistance fighters bill in on March 22; you could have set a date for the cut-off and then proclaimed the bill. That is what you told the people you would do with this bill, and that is what you did. If you had done that, then you could have brought this one in now, before July 1, and have made a nice clean job of both bills. Wouldn't that have been nice?

Mr. Merrithew: Well, the theatrics of it might have been better. Regardless of anything else, Senator Bonnell, there have been lots of people standing in line to take credit for this particular initiative of the government; and whether it is a bill of their own or not, really, in my mind, it does not matter. The important thing to our merchant mariners is that they get the benefits as soon as possible.

I worked my head off trying to get this bill through all stages in the house. I had great cooperation in the House of Commons. I am anticipating the same thing here. We have had the regulations drawn up in advance. I have arranged for cabinet to deal with it, I hope tomorrow, perhaps in a special meeting of cabinet, so that we it can receive Royal Assent, be proclaimed and be in effect on July 1. That just did not come easily. I worked very, very hard, and I did not want anything to delay it.

Senator Bonnell: I agree with you. We congratulate you for that. We want to tell you that you have done a great job, especially at a time of restraint when dollars are hard to find. For that, we are going to give you all the marks you can get. However, in this place, we would like to give some credit to Jack Marshall too, because his work was certainly behind you, prodding you at all times. Therefore, we want to say that, although we want to do whatever we can to get this legislation passed, we think it is just too bad that this ringer is on the side of it, or the end of it, about the resistance fighters. That spoils this otherwise lovely bill.

Mr. Merrithew: I heartily endorse your statement regarding Senator Marshall. He was the first off the mark with the report, "It's Almost Too Late", from the committee on which you served too, sir, and I give you both full marks for that.

Senator Bonnell: He only does what the deputy chairman tells him to do; otherwise he gets in trouble. So far he has been very good.

I have another question which has nothing to do with this bill, but it has to do with these merchant seamen and the Book of Remembrance. Can you tell us where that stands today and

whether the Speakers of both Houses agree that it should be in the regular place?

Mr. Merrithew: Of all the issues that have been dealt with in various reports, that is the one that is causing me the most difficulty. It is not the fact I was trying to make these other good things happen for merchant mariners; it is the Book of Remembrance. I have made the statement publicly, and privately to anyone who will listen, that there will be a Book of Remembrance, that it will be in the Peace Tower, and will be of the same quality as the other five books. We want to make sure it is both accurate and artistic. These are not names in a scribbler. It are very important, and it is a work of art that will there be forever.

However, I just find that every time I raise the subject, somebody says, "Well, why aren't you doing the Book of Remembrance?" What I cannot understand is why people cannot take "yes" for an answer.

Senator Bonnell: Let me say this: I would love to take "yes" for an answer, but I have not found out for sure that it is your responsibility. It has been suggested to me that the Speakers of both houses have the responsibility for the Peace Tower and the minister has very little authority. When you say yes, I want to support you and say, "Great," but do you have the permission of the two Speakers?

Mr. Merrithew: Certainly, I have met with the Speaker of the House of Commons, and he fully endorses the project. We are obviously going to have to get people who understand calligraphy and art and history and research to make sure, but we will move it as quickly as we can. I have not, I must admit, met with the Speaker of this particular house. I did meet at least on three occasions with the Speaker of the House of Commons. He fully endorses the initiative.

Senator Bonnell: I want to thank him too. As regards our own Speaker, we have not got that much confidence in him on this side; I am not sure what he is likely do. I hope he will treat us better than he has in the past, because those merchant seamen should be in the Book of Remembrance.

Tell me about the monument. Will there be some words put on the cenotaph in Ottawa concerning the mariners, or will they just be considered as war veterans?

Mr. Merrithew: When I spoke in the House on this particular issue, I indicated that the House standing committee mentioned a monument as well to their service in time of war. There is one already in Halifax, as you know, being a Maritimer.

I can indicate to you that what I said in the House stands, and that is that that monument, which is the only one fully supported by the government of Canada, is dedicated to the memory and the sacrifice of those who fought in all of Canada's wars, to all of the people who fought and died. That includes the merchant mariners.

The Chairman: Senator Stewart.

Senator Stewart: Thank you, Mr. Chairman. I want to ask a question concerning the minister's testimony with regard to the proposed amendment to the War Veterans' Allowance Act, the amendment concerning resistance groups.

● (1610)

The minister told us three or four times that the government made a decision to go back to the original intention of Parliament, that is, the intention of Parliament when the act was made. My question to the minister is this—and I hope he will not think it is facetious—how do you know what was the original intention of Parliament when the act was made?

Mr. Merrithew: It is an academic debate.

Senator Stewart: No, it is not.

Mr. Merrithew: I understand how courts and lawyers may interpret that. However, I do not think anyone would question that the program was set up for veterans of the First World War who had come back and who were in need of financial assistance.

Although I am not a war veteran, I have been around the military a long time. In my time, I have never thought that it could have been for any another purpose than for —

Senator Stewart: How did these others get in?

Mr. Merrithew: Two decisions were taken. One was taken by the predecessor to the Veterans Appeal Board. The other was taken by the Federal Court of Appeal. All they did was interpret a definition in the act, which opened the doors to a group of people for whom it was never intended. It was certainly not intended by this government. Therefore, we closed that particular gap. That was our intention, and we have done just that.

Senator Stewart: You are saying that the present government's understanding of the purpose of the act is the same as that of the Parliament which enacted the original act. My problem is that you have told us that two authoritative bodies disagreed with you. One of them was a court of law. I am not being facetious. If a court of law could go wrong, I really would like to know how you know what was the original intention. What evidence do you have, other than your own intuition?

Mr. Merrithew: When we reviewed this particular program, what we tried to do, senator, was to go back through *Hansard*. It is something which is easy to trace. In fact, I hired a former Assistant Deputy Minister in the department. He had been there and he knows our programs inside and out. He went back through *Hansard* to review all of the speeches, of which there were plenty, of course, back to 1930. We feel strongly that no government ever intended resistance groups to be the beneficiaries of this particular program.

Senator Stewart: You are relying on the words of the minister and, perhaps, the Deputy Minister in explaining the bill at that time?

Mr. Merrithew: If it were in the house, obviously it would have had to have been the minister. Other members would have spoken as well.

Senator Stewart: Thank you very much, Mr. Minister. That has been very helpful, as Senator Murray realizes.

Senator Molgat: Mr. Minister, you mentioned that an announcement had been made. When was the announcement made and how was it made?

Mr. Merrithew: It was made, senator, on March 2, 1992, by way of news release. There was some follow-up in the electronic and print media with comments from myself.

Senator Molgat: Would it be possible to obtain a copy of the announcement?

Mr. Merrithew: Yes.

Senator Marsden: Is the minister telling us the announcement was not made in the House?

Mr. Merrithew: To my knowledge, the House was not sitting at that time.

Senator Molgat: Was there any statement in the House in this regard?

Mr. Merrithew: There were questions in the House subsequently. There was no statement in the House at that time.

Senator Marsden: So that the House of Commons did not officially know about this, in fact, until June 4, 1992. Is that right?

Mr. Merrithew: Senator, one thing I do is treat my critics fairly. When I make a major policy change, I brief them. I personally meet with them and brief them on issues such as this. That is one of the reasons why, since the early 1970s and perhaps even prior to that, every piece of legislation from the Department of Veterans Affairs which I have taken through the House through in one day. I treat our critics fairly. They knew exactly what was happening and concurred in what we were doing in terms of that particular interpretation.

Senator Marsden: You are telling us that the members of the House of Commons were not informed of this change. The critics may have been, which is good, but the members of the House of Commons were not informed of this until June 4, 1992. For example, unless they happened to read the press release, they would not have been able to inform their constituents.

Mr. Merrithew: I hate to correct you once again, senator. Copies of the press release of March 2 were delivered to the door of every member of the House of Commons.

Senator Marsden: But they would not know through the House of Commons, then? As we all know, there are hundreds of press releases—dozens every day—so they might well not have had the opportunity to know about this matter until June 4, when it came before the House of Commons.

[Senator Stewart.]

Mr. Merrithew: Senator, there are also lots of announcements made by the government which are not made in the House of Commons.

Senator Marsden: I am asking about this one. It was not? Thank you.

Senator Molgat: Mr. Minister, you just said that a copy of this press release was delivered to every member of the House of Commons. Was it delivered to every senator?

Senator Lynch-Staunton: Yes.

Mr. Merrithew: The answer is yes, senator.

Senator Molgat: I do not quarrel at all with the right of the government to cancel a program. There may be valid reasons for cancelling this one. I am surprised that the Federal Court agreed at one time that resistance groups should be included.

Mr. Merrithew: In the review of an appeal by an applicant, it was recommended that the predecessor to the Veterans Allowance Board look again at the definition of "allied service" and "allied veteran". It was this predecessor board which made the decision which started the rulings allowing benefits to members of resistance groups. That was never the intention of the government at that time. However, these boards are quasi-judicial boards, and not all of them lawyers, but they made a decision which started the flow. It was after that we heard about the difficulty of verifying that service. We also learned of fraudulent applications.

Senator Molgat: Mr. Minister, in a general sense, if a government cancels a program, should the people who have already applied not be considered, and then any new applicants subsequent thereto be cut off? Let us suppose the government made a change to the Old Age Pension. Anyone who is in the system should surely be covered, should they not?

Mr. Merrithew: Any of the resistance fighters who had applied, who had had their service verified and gone through the complete process were processed. Unfortunately, that is a time-consuming job. There was no freeze on the applications at all. It was just that we had to work through the RCMP. We had to work through embassies of other countries, in some of which we have no staff. How can we verify that service? Obviously, this is done through statutory declarations. It is an extremely time-consuming task.

You must remember, senator, that we were doing this in the midst of receiving applications by uniformed members of our Army, Navy and Air Force at the same time. There were literally thousands of these applications coming forward. If they were approved, they were processed and put in pay.

Senator Molgat: As a general principle, minister, would you not agree that if a government program exists legitimately and people make applications to it, and if the government decides to terminate that program, then those who have applied should not be cut off?

Senator Murray: Those who qualify should not be cut off.

Senator Molgat: Agreed. But you do not know if they qualify until you have a look at their application.

Mr. Merrithew: I think Senator Murray said the right thing. Those who qualified were processed and put in pay. However, it was never the intent of my department, nor was it the intent of any previous government, to allow that to happen. We continued to process them as best we could until the government of the day determined that it wished to tighten up the definition in order to ensure that resistance service for allied service people was not put in pay.

Senator Barootes: I welcome you here, Mr. Minister. I have had the privilege of watching your department work and, at times, of cooperating with them. I have found it to be most rewarding for Canada.

I have two questions with regard to this matter of retroactivity, or pseudo-retroactivity. We had a budget in March in which taxes were raised. That budget was not passed until the end of June, yet it is applicable from the first of the year. Would that be the kind of retroactivity to which we have been referring?

Mr. Merrithew: That is the best example I know. Budget decisions are effective from the date they are uttered on the floor of the house, so that is a very good analogy.

Senator Barootes: Thank you. My other question is on the department's interpretation that the War Veterans Allowance Act was not intended to be applied except in the manner that you suggested. However, it has now been extended beyond that because of these two anomalies, if I may use that term, these two judgments. If that is so, and if you have given March 2 as the date of stopping any further eligible people, is there any thought or intention of discontinuing the payment to those 5,000-odd people who are already receiving it, considering the program was not intended to include them?

Mr. Merrithew: That was an important question as I carried this matter through cabinet committee, through cabinet and through the rest of the process by which a bill obtains approval. This was not the easiest piece of legislation I have ever taken through the government process.

I felt very strongly, and took the position very strongly with my colleagues, that these are needy people who legitimately earned their eligibility through an interpretation by a quasi-judicial body; that it was awarded and we should not take it back. We had the choice of taking it back or not taking it back.

I thought the government was extremely generous in allowing those people who legitimately earned the entitlement to War Veterans Allowance to continue to receive it, as well as those who were receiving it abroad, as long as they returned to Canada to receive it here. That position was applauded by veterans' groups and most of the people who are in receipt of that benefit now.

Senator Barootes: You have answered my third question, which was to be: If you are not cancelling that benefit for the 5,000 and some odd people, why not? You have answered that question, and I thank you very much.

Senator Neiman: Mr. Minister, you mentioned earlier that you and your officials had struggled for a long time to ensure that the definition sections were right. I guess I have not struggled long enough, because I need reassurance on just one point. A number of veterans mentioned to us that they did not believe that the waters of the St. Lawrence River, roughly from Montreal eastward, were covered. I have looked at the sections and I cannot divine which section would cover that particular area.

Mr. Merrithew: That is a very difficult question, and there was a great deal of effort spent on trying to define what exactly was covered. The people who will be eligible for merchant navy veteran benefits include anyone of any nationality who served on a Canadian ship in time of war—that could be a British person or an American serving on a Canadian ship; any Canadian who served on an allied ship, and any Canadian who wears the 1939-45 Star, if they were in the merchant navy during the war. The fourth criterion is that the ship was a registered ship. We do not count row boats or fishing vessels as merchant marine. The fifth criterion is that they had signed the Articles of Agreement, and the sixth criterion is that the voyage was on the high seas on an ocean-going ship, which does not include a fishing boat or anything like that.

We then tried to elaborate on that further by defining what "high seas" meant. That means, of course, any voyage to or from any place outside North America, any voyage from one province to another province within Canada and any voyage from a country to a country within North America. Any voyage that came under enemy attack is automatically counted as high seas, even if it were on the upper St. Lawrence River, for example. The definition was painfully worked out with various groups and staff.

Senator Neiman: Let me give you as an example a ship leaving Montreal and proceeding directly to a port in Great Britain. Where is that covered?

Mr. Merrithew: That would be covered. There were 27 or 28 merchant ships sunk in the Gulf of St. Lawrence, which included right down to the mouth of the Saguenay River, so that would definitely be defined as high seas.

Senator Neiman: Thank you.

Senator Marsden: I would like to refer to an answer you gave to Senator Molgat a few minutes ago. You referred to a quasi-judicial body on the basis of whose decision people are now in this program. I wonder then how we are to interpret the remarks of Mr. Justice MacKay, made yesterday in the Alberta court, in which he expressed his very deep concern that the government would make law contrary to judicial decision and contrary to the War Veterans Allowance Act.

Mr. Merrithew: Senator, you are quoting what was said in a court. As that case is under litigation now, I certainly am not at liberty to speak about it and I certainly do not intend to do so at this time.

Senator Marsden: I am not asking you about that case. I am asking you about the judge's comment that this bill makes law contrary to judicial decisions when you have referred repeatedly this afternoon to quasi-judicial bodies. The judge yesterday expressed his deep concern about this legislation and urged further action.

I am not interested in the particulars of that case. I am curious about your depiction of a court as a quasi-judicial body and your inference that one does not really have to worry about their decisions. This was the tenor of your response to Senator Molgat. Surely a court is a judicial body. Would you agree with that?

Mr. Merrithew: Senator, it is the War Veterans Allowance Board that I am referring to as quasi-judicial. I do not know what the judge who made the comment yesterday said, and I have no intention of getting involved in something which is presently before the court.

Senator Murray: Mr. Chairman, I would like to say just one word about that. This is practice with which the honourable senator is familiar. We have had cases of the courts striking down sections of laws passed by Parliament.

• (1630)

We have taken the position that in so doing the intent of Parliament, and certainly of the government, was contradicted and we had to put it right.

In the case of a bill that is now before Parliament, we are proposing to act with the so-called "rape shield law" in order to take account of a decision taken by the Supreme Court of Canada. We have legislated on other occasions to take account of judgments rendered by the courts.

In this case, a quasi-judicial tribunal—the predecessor to the War Veterans Allowance Board—took a decision which we believe needs to be set right by legislation, and likewise the decision taken by the Federal Court on this matter.

In this law, we are clarifying the policy. We are putting the policy straight.

Senator Marsden: Senator Murray, that is quite clear and has been from the beginning. My point was whether or not you would agree that there was a judicial decision in this matter. You have just referred to it, so the answer is, "Yes, there was." So the fact that it was originally a quasi-judicial body is overwhelmed by the fact that the Federal Court made a ruling on this matter.

You would agree then with Mr. Justice MacKay, who, yesterday, said this law is contrary to a judicial decision? This is the point I am attempting to clarify.

Senator Murray: I have not seen the statement that the judge made, but, with great respect, yes, we are asserting the prerogatives of Parliament in a matter of this kind to set the policy straight.

[Senator Merrithew.]

Senator Stewart: Honourable senators, I have a question for clarification. It follows on from an answer given by the minister to Senator Barootes.

As I heard that exchange, the minister told this committee that, as a consequence of a decision by the Appeal Board, money was paid out to particular persons notwithstanding that it was not the intention of Parliament that those payments should be made. When the minister was asked about the decision of the government to continue those payments, the minister replied that it was done on the basis of the authority of—what was it—generosity? Can he tell us what kinds of payments can be made out of the Consolidated Revenue Fund on the basis of generosity?

Mr. Merrithew: I am not sure if the honourable senator is being serious or not. It was done on the basis of a ruling of the original War Veterans Allowance Board.

Senator Stewart: We understand that.

Mr. Merrithew: Based on that ruling, a decision was made that this group was eligible. The government disagreed with that decision; however, we honoured it. Until such time as we corrected that omission or clarified that definition in legislation—which is done in Bill C-84—we would honour those who were found eligible and who went through the process.

Senator Stewart: So contrary to your answer, which Senator Barootes found so satisfying, generosity did not enter the picture at all.

Mr. Merrithew: The government of course can give and the government can take away, if it wishes. In this case, we made a deliberate decision to allow those who got their eligibility for resistance work in other countries as part of the allied war effort to keep that. They had become dependent on it. If you call that generous—I think it is rather generous. We did not have to do it, but we chose to do it.

Senator Stewart: Do not put words in my mouth. "Generosity" was your word.

Mr. Merrithew: We were generous by not cutting them off, obviously.

The Chairman: If there are no other questions, on behalf of honourable senators, I will thank the Honourable Minister of Veterans Affairs, for his presence here today.

Senator Frith: Yes, come back again, minister.

The Chairman: We also extend our appreciation to the officials who have accompanied him.

Senator Frith: You did well in defending this indefensible decision.

The Chairman: Honourable senators, the committee will now proceed with the clause-by-clause consideration of the bill.

Shall discussion of the title of the bill be postponed?

Hon. Senators: Agreed.

The Chairman: Shall clause 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?

Senator Frith: Clause 6 in the black print?

The Chairman: I shall have to check the print.

Senator Molgat: Are we referring to page 10?

Senator Frith: Yes, the lighter print. There is heavy black print and light black print.

The Chairman: Clause 6 on page 2 starting off "In this part . . ." Shall clause 6 carry?

Senator Frith: Could we hold on for just a minute, Mr. Chairman? I want to know, Mr. Chairman, when you are calling for these causes, you will notice—

The Chairman: Perhaps I should have the bill in front of me as I call them.

Senator Frith: Yes, that is better.

The Chairman: Shall the title be postponed?

Hon. Senators: Agreed.

The Chairman: Shall clause 1 carry?

Senator Frith: Of the bill.

Hon. Senators: Carried.

The Chairman: Shall clause 2 carry?

Senator Frith: It is the usual problem that when you have the bill amending sections of the act, you can get confused by seeing the section of the act that is amended versus the section of the bill; but it is the bill that is before us, so we should be dealing with the—

Senator Molgat: Is there a solution, Mr. Chairman, in going page by page until we reach page 10, which is the clause that concerns us?

The Chairman: Is it agreed?

Hon. Senators: Agreed.

The Chairman: Shall all clauses on the first page carry?

Hon. Senators: Carried.

The Chairman: Shall all clauses on the second page, if any, carry?

Hon. Senators: Carried.

The Chairman: Shall all clauses on page 3 carry?

Hon. Senators: Carried.

The Chairman: Shall all clauses or parts thereof on page 4 carry?

Hon. Senators: Carried.

The Chairman: Shall all clauses on page 5 carry?

Hon. Senators: Carried.

The Chairman: Shall all clauses on page 6 carry?

Hon. Senators: Carried.

The Chairman: Shall all clauses on page 7 carry?

Hon. Senators: Carried.

The Chairman: Shall all clauses on page 8 carry?

Hon. Senators: Carried.

The Chairman: Shall all clauses on page 9 carry?

Hon. Senators: Carried.

The Chairman: Shall all clauses on page 10 carry?

An Hon. Senator: No.

Senator Molgat: Clause 9 on page 10 we would agree with.

The Chairman: On page 10, shall clause 9 carry?

Hon. Senators: Carried.

The Chairman: Shall clause 10 carry?

An Hon. Senator: No.

Senator Frith: Clause 10 does not carry, does it?

Senator Molgat: Clause 10 does not carry; that is right.

Senator Murray: Mr. Chairman, is it on division? Clause 10 carries on division, Mr. Chairman.

Senator Frith: The record should show "no", and then put it to the vote, and it is on division. That is right.

Senator Molgat: Our position on this is that we think this should be a separate act. We do not believe it should have been included with the mariners section.

The Chairman: So the record will show that clause 10 has carried, on division?

Hon. Senators: Agreed.

The Chairman: Shall the clauses on page 11 carry?

Some Hon. Senators: Carried.

Senator Molgat: On division.

The Chairman: Shall the clauses on page 12 carry?

Senator Molgat: Up to "Pension Act", on division.

The Chairman: Up to "Pension Act", on division?

Senator Molgat: Right.

Hon. Senators: Carried.

The Chairman: Shall the remainder of the clauses on page 12 carry?

Hon. Senators: Carried.

The Chairman: Shall the clauses on page 13 carry?

Hon. Senators: Carried.

The Chairman: Shall the clauses on page 14 carry?

Hon. Senators: Carried.

The Chairman: Shall the clauses on page 15 carry?

Hon. Senators: Carried.

The Chairman: Shall the clauses on page 16 carry?

Hon. Senators: Carried.

The Chairman: Shall the title carry?

Hon. Senators: Carried.

The Chairman: Shall I report the bill without amendment?

Senator Frith: On division; reporting that certain clauses carried on division.

• (1640)

The Hon. the Speaker: Honourable senators, the sitting of the Senate is resumed.

REPORT OF THE COMMITTEE OF THE WHOLE

Hon. Gerald R. Ottenheimer: Honourable senators, the Committee of the Whole, to which was referred Bill C-84, to amend the Civilian War Pensions and Allowances Act, the War Veterans Allowance Act and the Pension Act and to amend other Acts in consequence thereof, has examined the said bill and has directed me to report the same to the Senate without amendment and, I have been asked to point out, on division on certain clauses.

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

Hon. Lowell Murray (Leader of the Government): Honourable senators, for the reasons mentioned by the Minister of Veterans Affairs when he spoke to the committee, I should like plead with honourable senators to allow this bill to go forward for third reading now. I would ask for leave at this time.

The Minister of Veterans Affairs has told us that if the government is to be able to pay these pensions as of July 1, he must get his regulations through the Governor in Council process tomorrow. Therefore I would ask honourable senators to consider giving leave so that we could have third reading now.

Hon. Royce Frith (Leader of the Opposition): : Honourable senators, I paid attention to what the minister said, and I heard him say that he has a plan for a cabinet meeting to establish these regulations for tomorrow at 8:30 in the morning, or a special meeting if necessary.

[Senator Molgat.]

We do not wish to hold up this legislation, but we do want to make the point that we believe that the sections on resistance fighters were improperly joined as a sort of poison pill to an otherwise excellent bill. We want to propose an amendment to delete those provisions. It is a fairly solid bet that the amendment will not carry, but we wish to make that amendment in order to emphasize our opposition to that part of the bill. Therefore we are quite happy to have this bill brought forward. We will expedite the vote. Bring it forward tomorrow at the top of the Order Paper, if necessary, but we want the opportunity to make an amendment tomorrow at third reading in order to make our position clear.

Hon. M. Lorne Bonnell: Before we agree to this measure, could the Leader of the Government tell us: Will the bill also be proclaimed tomorrow? The bill must be proclaimed before it comes into effect.

Senator Murray: I am hoping and expecting that we will give this bill third reading tomorrow. The next step will be to have the regulations approved by the Governor in Council, and then have Royal Assent. I would expect that Royal Assent would take place in this chamber early next week.

Senator Frith: Or tomorrow, if you prefer.

Senator Murray: The problem with tomorrow, honourable senators, is that we have some other business to attend to. We will consider when we will have Royal Assent and we will inform you of that.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): There would be no problem, as far as we are concerned, with proceeding with third reading tomorrow.

On motion of Senator Murray, bill placed on the Orders of the Day for third reading at the next sitting of the Senate.

CRIMINAL CODE

BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

Hon. R. James Balfour moved the second reading of Bill C-70, to amend the Criminal Code (jury).

He said: Honourable senators, on January 23, 1992, in a decision in *Regina v. Bain,* the Supreme Court of Canada struck down subsections 634(1) and (2) of the Criminal Code as violating section 11(d) of the Canadian Charter of Rights and Freedoms. The majority of the court held that, under those subsections, the disparity between the respective rights of the Crown and the accused created an apprehension of bias. The Crown appeared to have a greater ability than the accused to fashion a favourable jury.

The process of constituting juries for criminal trials is a two-stage one, involving both provincial or territorial and federal jurisdiction. At the first stage, a panel of prospective

jurors is formed according to the laws of the province or territory where the accused is to be tried. At the second stage, 12 jurors to try the particular case are selected from the larger panel in accordance with the jury selection procedures sets out in the Criminal Code.

Prior to the *Bain* decision, the Criminal Code jury selection provisions allowed for the participation of the prosecutor and the accused in the following ways: First, by peremptory challenge of a prospective juror—that is, without giving a reason. The prosecutor was in all cases entitled to peremptorily challenge up to four prospective jurors. The accused was entitled to peremptorily challenge twenty, twelve, or four prospective jurors, depending on the seriousness of the charge against the accused.

Second, by "stand by" or "stand aside" of a prospective juror—that is, a direction to the prospective juror to wait for consideration as a juror until all other members of the panel have been considered. The prosecutor was entitled to stand aside up to 48 prospective jurors. The accused was not entitled to stand aside any prospective jurors.

Third, by "challenge for cause"—that is, on the basis of a reason such as that the juror is biased. Both the prosecutor and the accused have an unlimited number of challenges for cause.

The Supreme Court, in *Regina v. Bain*, held that the combined effect of the crown's four peremptory challenges and its right to stand aside up to 48 prospective jurors, amounting to more than four times the number of peremptory challenges available to the accused, created the appearance of bias in the jury selection process. The court therefore, and to that extent, declared invalid the Crown's stand aside provisions of the Criminal Code.

The rights of the prosecutor and the accused to challenge a prospective juror for cause are not affected by either the Supreme Court's decision in *Regina v. Bain* or by Bill C-70.

The court suspended the effect of its judgment for a period of six months in order to permit Parliament to amend the Criminal Code. The court did not provide for the possibility of extension of the transitional period. The declaration of validity, without the enactment of remedial legislation, has the potential to leave the Crown at a distinct disadvantage in the jury selection process. It is important therefore to quickly clarify and establish the rights of the Crown in this regard.

The package of amendments comprising this bill would enhance the appearance of fairness in the jury selection process and would bring it into line with modern reality. The proposed amendments would repeal the right of the Crown to stand a prospective juror by; provide the Crown and the accused with an equal number of peremptory challenges and, where there are multiple accused to be tried together, provide the Crown with a number of challenges equal to the total number available to all the accused; require the crown and the accused to alternate in being the first to indicate whether they challenge or are content with a prospective juror; permit the judge to excuse a prospective juror from jury duty if the juror has, essentially, a conflict of interest or on grounds of personal hardship or any other reasonable cause; permit the judge to stand a prospective juror by on the grounds of personal hardship or for any other reasonable cause; and, finally, repeal the sections of the Criminal Code which provide for juries in the Yukon and Northwest Territories to be composed of six jurors rather than the usual twelve.

The key to the Supreme Court's decision in *Regina v. Bain* is the concept that the public's confidence in the institution of the jury rests in part on a fair and balanced process for the selection of the jury with neither the Crown nor the accused appearing to be favoured in that process. Justice must not only be done, it must also be seen to be done. This bill is designed to ensure that the jury selection process will be balanced, fair and impartial both in appearance and in reality. I commend this legislation for speedy passage.

On motion of Senator Frith, debate adjourned.

AN ACT TO AMEND CERTAIN ACTS WITH RESPECT TO PERSONS WITH DISABILITIES

BILL TO AMEND—THIRD READING

Hon. Consiglio Di Nino moved the third reading of Bill C-78 to amend certain Acts with respect to persons with disabilities.

Motion agreed to and bill read third time and passed.

BUSINESS OF THE SENATE

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, perhaps we could consider orders 8 and 9 together since they touch upon the same subject. Bill C-51 and Bill C-52 are two acts respecting water resources, one in the Northwest Territories and one in the Yukon, and the remarks on both will be exactly the same.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): The difficulty is that our people responsible for this bill are presently in committee. I have asked one of my colleagues to check the present situation of that committee.

Senator Lynch-Staunton: Senator Cochrane could move second reading and, if necessary, we will adjourn the debate.

Hon. Royce Frith (Leader of the Opposition): It is understood that we will have to adjourn the debate. Are you simply asking that these matters be dealt with by the government spokesman?

Senator Lynch-Staunton: Yes.

Senator Molgat: We have no problem with that, but we may not be able to respond immediately.

The Hon. the Speaker: Is it agreed, honourable senators, that both bills be dealt with together?

Hon. Senators: Agreed.

NORTHWEST TERRITORIES WATERS BILL

YUKON WATERS BILL

SECOND READING—DEBATE ADJOURNED

Hon. Ethel Cochrane moved the second reading of Bill C-51, respecting water resources in the Northwest Territories, and the second reading of Bill C-52, respecting water resources in the Yukon Territory.

She said: Honourable senators, I would like to offer some comments on Bills C-51 and C-52, two important pieces of legislation pertaining to water management in the North.

As you are aware, life in the Northwest Territories and in the Yukon has changed significantly over the past few decades and continues to change. This chamber has witnessed the political maturation of the north during the 1970s and 1980s. Territorial governments have assumed increased responsibilities and decision-making authority. One example of that development has been the participation of the governments of the territories in the current round of constitutional negotiations.

Greater emphasis is now focused on economic development north of the 60th parallel. The objective is to diversify the traditional northern economy and provide productive, year-round wage employment for northern residents. At the same time, public awareness of the fragility of the northern environment has lead to strong and legitimate demands from residents of the north, from native associations, and from concerned citizens throughout Canada that preservation of the environment be taken into account in initiatives in the Yukon and in the Northwest Territories.

These changing realities are reflected in Bill C-51 and Bill C-52. In fact, they are the very basis for the two bills, which update the existing Northern Inland Waters Act to reflect today's circumstances and to anticipate future developments.

The Northern Inland Waters Act has been in place since 1970. In the decades since then, many groups have expressed concerns and brought weaknesses and problems with the legislation to our attention. That is why, recognizing the political evolution of the north and the fact that the Northwest Territories and the Yukon are two distinct and different territories, the bills before us split the Northern Inland Waters Act into two pieces of legislation.

The first bill, Bill C-51, will apply to the water management system in the Northwest Territories. The second, Bill C-52, will apply in the Yukon. The government recognizes that several years from now it may well be necessary to revise or replace Bill C-51 to accommodate the creation of the new territory of Nunavut. For now, this practical split will allow the water management systems in each of the territories to evolve differently and will facilitate the eventual transfer of responsibility for water management to the territorial governments should that be desired.

Honourable senators, Bill C-51 and Bill C-52 contain essentially the same amendments. The only significant difference is that Bill C-52, the Yukon Waters Act, contains provisions to repeal the Northern Inland Waters Act. This measure is necessary in order for the new legislation to be enacted.

The government recognizes the need to stimulate economic development in the north and supports the efforts of the citizens and governments of the territories to do so. Bill C-51 and Bill C-52 will streamline the process for issuing water-use licenses. This new, faster process will provide an important degree of certainty for industry and other users of water.

These two bills address environmental concerns by adding significant new provisions and strengthening environmental safeguards. They also provide protection for aboriginal people and other traditional users of water, protection that does not exist explicitly in the Northern Inland Waters Act.

These proposed legislative initiatives were developed in a spirit of cooperation.

● (1700)

The bills are based on lengthy and exhaustive consultations with all the stakeholders in northern water management, including industry, environmentalists, aboriginal people, and the territorial governments. In fact, the Minister of Indian Affairs and Northern Development established a special committee in the Yukon specifically to review the proposed changes to the Northern Inland Waters Act, as well as changes to lands legislation affecting mining. This committee includes representatives of all the major interests concerned with the Yukon bill, and it has made an essential contribution. A wide range of interests in the Northwest Territories was also widely consulted before the draft bills were tabled in the House of Commons.

However, the consultation process did not end there. The other chamber established a legislative committee to study the bills, and this committee heard from a number of groups and individuals. In response to their representations, the government supported amendments to the legislation before it was given third reading in the other place.

Clearly, honourable senators, the government's commitment to consultation is more than just words—it is being put into action. In this particular case, the end result is two bills generally supported by all interested parties, bills that strike an excellent balance between addressing the needs of industry, the environment, aboriginal groups, and the federal and territorial governments.

I will take a few minutes now to briefly outline the intent of the new legislation and some of the more important changes that have been made to the existing act. In doing that, I want to emphasize that Bills C-51 and C-52 do not establish a completely new system for water management north of 60. Rather, they build on the strengths of the existing system and retain many of its provisions.

For example, they propose that the Northwest Territories and the Yukon water boards be retained. These are the bodies which issue water licences with the approval of the Minister of Indian Affairs and Northern Development. The bills also reflect the need to protect the environment and human life.

The changes that are being proposed to the Northern Inland Waters Act, however, are substantial and meaningful. They correct a number of weaknesses and inconsistencies in the original legislation, and modernize and expand the water management system for the benefit of northerners and all Canadians.

One of the principal objectives of these bills is to streamline the process for licensing water use in the north. Towards that end, the government proposes to establish a two-tiered licensing system for major and minor water users. For major users, the existing licensing system will remain in place, with a few practical changes. These include the possibility of waiving public hearings for licence amendments when water use is not affected. For minor users, a new, speedier process will be established. Among other things, this new process will eliminate the need for public hearings unless the territorial water boards deem these to be in the public interest.

Under the proposed legislation, the water boards will advertise all applications for licences for water use. The boards will be required to give reasons for granting or rejecting licences, and the first-come, first-served principle will be followed. This streamlining will ensure legal certainty and provide a speedier, smoother procedure for issuing water rights. In doing so, it is expected to contribute to economic development and job creation in the north.

The new legislation will also give the Minister of Indian Affairs and Northern Development explicit authority to issue policy direction to the water boards. The minister would also have the authority to delegate his or her responsibilities to the appropriate territorial ministers, should this be appropriate in the future.

Another principal objective of Bills C-51 and C-52 is to provide greater protection to all persons who may be adversely affected by a licensed water use. In particular, all minor users known as "domestic" and "instream" water users will be eligible for compensation should this occur. This is one element of the protection for aboriginal peoples I spoke of earlier, since an aboriginal person who depends on fishing for income or food would likely be considered an instream user and one who could be adversely affected.

The third objective of the proposed amendments is to ensure that water users comply with the terms and conditions of their licences. This will be achieved through the strengthening of the enforcement measures in the current legislation. The end result is that the federal government and the territorial water boards will be able to take a much stronger stance on environmental issues than in the past.

Specifically, the amendments related to the environment provide for the following: First, explicit authority for the water boards to deal with the closure and abandonment of licensed operations; second, stronger licence inspection and enforcement procedures; third, a broadened list of potential offences, as well as stiffer penalties, including maximum fines of $100,000 and the possibility of jail terms; fourth, authority for the water boards to set water quality standards that are even tougher than those set out under the Fisheries Act; and fifth and finally, strengthened and clarified provisions related to security deposits, which under the proposed legislation may be used to guarantee compliance with licence conditions, to remedy violations or to pay court-ordered compensation.

As I mentioned earlier, honourable senators, the legislative committee of the other place has studied these bills and reported back with several amendments that reflected some of the concerns of various interest groups. These changes were incorporated into the bills. They are reflected in the legislation which we are examining today.

The Mining Association of Canada proposed two amendments, one extending the licence appeal period, the other dealing with the return of security deposits when licences are assigned. One amendment deals with forms of security and was sponsored by the Department of Indian Affairs and Northern Development. The final two amendments to the original draft legislation are related to notifying people who may be affected by licence applications.

I wish to underscore once again the spirit of cooperation which permeated this process. At report stage, amendments were proposed by opposition members to include the transitional provisions in both bills rather than just in Bill C-52. In the interest of providing greater clarity for those who may use this legislation, the government supported the motions.

In closing, honourable senators, I would like to remind my honourable colleagues that Bills C-51 and C-52 have not been drafted to serve the interests of Ottawa. Rather, they were drafted in response to concerns expressed by residents, by governments and by businesses in the north. They are designed to address a number of objectives that are important to northerners.

Those objectives include moving decision-making closer to the people—one of this government's key goals. They include providing for flexibility in how decisions are made, yet they allow strict enforcement of the rules once they are set down. They include ways of ensuring that economic development is sustainable and environmentally responsible, as set out in the government's Green Plan, while producing jobs and economic prosperity in the north and safeguarding the interests of the aboriginal peoples who constitute the most significant proportion of the populations of the territories.

These bills are important, not only to those who live north of 60 but to all Canadians concerned with the quality of life in the north and the northern economy. The wide support that has been given to these bills by the very groups who are affected by them testifies to the degree to which the legislation successfully addresses the people's concerns.

I urge my honourable colleagues to join me in endorsing these important changes to the territorial water use legislation.

By supporting Bills C-51 and C-51, we will ensure that water management practices in the north reflects the needs and realities of today as well as the needs and desires of the residents of the north.

On motion of Senator Molgat, debate adjourned.

CANADA MORTGAGE AND HOUSING CORPORATION ACT

NATIONAL HOUSING ACT

BILL TO AMEND—SECOND READING

Hon. Pat Carney moved the second reading of Bill C-82, to amend the Canada Mortgage and Housing Corporation Act and the National Housing Act and to amend another Act in consequence thereof.

She said: Honourable senators, I am pleased to have this opportunity to speak to Bill C-82, to amend the Canada Mortgage and Housing Corporation Act and the National Housing Act and to amend another act in consequence thereof.

As honourable senators know, the purpose of this bill is to refine the legislation governing federal housing policy and programs.

The government is putting forward these amendments with three main principles in mind: Public loan insurance under the National Housing Act should promote reasonable, equal access to housing finance, lowest feasible costs, and overall self-sufficiency of the mortgage fund. In both market and social housing programs, CMHC seeks out and takes advantage of opportunities to improve the cost-effectiveness of the programs, the efficiency of their delivery and their ongoing effectiveness.

● (1710)

CMHC should exercise responsibility for its financing activities within a framework and in accordance with standards promoted by the Department of Finance.

Those are the three principles to which I refer.

The Canada Mortgage and Housing Corporation Act and the National Housing Act contain the legislative authority for CMHC to carry out its mandate of helping to house Canadians. With this mandate in mind, CMHC has, throughout the years, carried out the federal government's commitment to provide Canadians with equal access to suitable, adequate and affordable housing in safe and healthy environments.

The corporation is responsible for promoting the construction of new homes, the repair and renovation of existing ones, and improving the level of housing conditions in general across the country.

CMHC is active in the development of new financial mechanisms to stimulate the private housing market, providing social housing programs for Canadians most in need, and is a prime source of housing expertise. The amendments before us today introduce new financial and administrative measures designed to improve the efficiency of CMHC's business operations. I would like to outline briefly some of the main provisions of the legislation.

Bill C-82 will allow CMHC to assume more direct responsibility and accountability for its financial affairs. It will do this by enabling CMHC to obtain funding from and invest in the capital market. The bill contains a provision to allow CMHC to finance directly social housing projects at lower interest rates. CMHC will look to the lending community as a source of funding to allow for the direct financing of social housing.

Another amendment involves requiring owners of assisted housing projects to accept as a condition of assistance that they will not sell their projects without CMHC approval. The bill also contains provisions which would allow CMHC, depending on its future business needs, to consider the option of delegating some of its mortgage insurance responsibilities to selected, approved lenders, provided that appropriate arrangements are in place for CMHC to monitor and control the delegated functions.

This provision, clause 24, also authorizes the same option for CMHC to delegate mortgage insurance processing to provinces and municipalities. This will be useful where the provinces already administer subsidy commitments for the federal-provincial nonprofit programs. They will be able to handle the loan insurance paperwork as well as the subsidy paperwork.

These amendments also propose allowing CMHC to supply housing related property management and development services to federal government departments and agencies. The bill will increase the existing limit on outstanding loan insurance from the current $60 billion up to $100 billion. The new limit of $100 billion is estimated to be adequate for the next five years. We should hope so.

The bill also contains a number of amendments to consolidate CMHC's borrowing authority. These amendments will give CMHC access to financial markets, modernize the agency's investment authorities and rationalize CMHC's income tax status.

The bill removes the income tax exemption for CMHC's mortgage insurance fund. This is part of a group of administrative reforms that are intended to ensure that Canada Mortgage and Housing will be taxed on the same basis as financial institutions and registered insurance companies. By virtue of clause 53, the changes are effective to January 1, 1991, in order to ensure that the all of the changes in the group come into effect together. The group includes a technical adjustment for large corporations tax under the Income Tax Act.

Other amendments of a purely administrative or housekeeping nature are included in order to provide clarification of various provisions.

I fully support the intentions of the government in presenting these amendments, which will allow the government to

improve the cost effectiveness and the administration and delivery of federal housing products and services.

Hon. Lorna Marsden: Honourable senators, I should like to thank Senator Carney for explaining the bill so fully. We on this side of the house are in complete agreement with the clauses of Bill C-82. Our objections to the bill concern only those parts that have been omitted.

The bill facilitates the role of the federal government in social housing and in other ways. However, it does not redress the emerging problem of insufficient funds for social housing. Moreover, the federal government runs the risk of becoming a slum landlord in a number of cases because of inadequate funding and inadequate services.

We would like to take up those aspects of the bill when, presumably, the minister appears before the committee.

I will not take any more time of the chamber this afternoon, honourable senators.

Senator Frith: Does the bill have anything to do, either by commission or omission, with co-op housing?

Senator Carney: Yes. Co-ops are covered under the social housing aspects.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

The Hon. the Speaker: When shall this bill be read the third time, honourable senators?

On motion of Senator Carney, bill referred to the Standing Senate Committee on Social Affairs, Science and Technology.

EXCISE TAX ACT

INCOME TAX ACT

BILL TO AMEND—SECOND READING—DEBATE CONCLUDED

On the Order:

> Resuming the debate on the motion of the Honourable Senator Kinsella, seconded by the Honourable Senator DeWare, for the second reading of Bill C-75, An Act to amend the Excise Tax Act and the Income Tax Act.

Hon. Raymond J. Perrault: Honourable senators, I want to thank Senator Kinsella for his explanation of this bill. His efforts to do so appear in the *Debates of the Senate* of June 15, 1992.

Senator Kinsella described this as a "good news" bill, and we all like to hear good news. Frankly, none of us should expect to see riots of joy in the streets as a result of the measure which is before us.

Senator Kinsella explained the two measures contained in the bill. The first measure, which deals with an exemption from the withholding tax for international aircraft leases and a temporary loss offset program with a partial rebate of federal excise tax on diesel and aviation fuel, is generally deserving of support.

Senator Kinsella stated:

> These two measures, honourable senators, were announced as part of a package of measures to benefit Canada's transportation industries. The other measures announced at that time include changes to the capital cost allowance regulations which will increase the rate at which many transportation assets can be written off against taxable income; funding for an institute for research in trucking issues; and funding for an owner-operators' trucking cooperative which will use bulk purchasing power to help reduce equipment and supply costs of for-hire truck owner-operators.

We intend to support the bill. The words "a level playing field" have been bandied about with great frequency in recent months and years by spokesmen, representatives and apologists of the government, who sing the praises of the free trade agreement in North America. The measure before us is supposed to help level that playing field, to make it possible for the trucking industry and airline companies to compete more effectively.

Honourable senators, regrettably, the bill before us does not constitute the giant confident strides toward equality that we had hoped for. Rather, the steps taken are mincing and hesitant. Although they represent progress, nevertheless, they are, in our view, inadequate.

The transportation industry, without question, needs help. It is one way of stating that 250,000 workers in the trucking industry alone, let alone the thousands in the airline industry, are facing very difficult times.

• (1720)

The trucking industry faces a first class crisis. The Parliament Hill trucker demonstrations we experienced in the last few months were no sham and no play-acting. Those demonstrations told us, with agonizing emphasis, that they faced economic ruin as a result of trying to compete with truckers from the United States—trying to remain economically viable while driving up a very steep economic incline to gain equality with our southern neighbours.

We support Bill C-75, but it falls so short of what could have been and what might have been that we hope the government will listen to some of our recommendations to improve the bill.

The extent of the crisis in trucking is such that hundreds of companies have had to shut down since deregulation took place. They have had to reduce their operations sharply because they have not been able to cope with the process of deregulation which was supposed to usher in a new era of opportunity for the trucking industry across the country. That was the beginning of the crisis.

Soon there were more trucks in Canada than there were cargoes to carry. Then the free trade agreement came along followed by the recession. We then had what was nearly a

revolution in consolidation of trucking companies. It was discovered very equickly that no Canadian company could compete against the mega trucking companies in the United States. One factor in the equation is that we have higher taxes in Canada. The taxes on fuel alone put us at an immediate competitive disadvantage with U.S. carriers.

I have a report which was provided by a section of the trucking industry. Just this week I asked them how we are competing with the United States. I would quote from page 6 of a document entitled, "Freight Carriers Association of Canada: Analysis of Canadian Trucking Industry General Freight Carriers," where it says the following:

> Looking last at the shift of traffic between Canadian and U.S. carriers, the impact of this past decade becomes evident. In 1979 the total revenue derived from international traffic was shared almost equally between Canadian and U.S. general freight carriers. A decade later, the revenues have shifted to slightly over two thirds now moving by U.S. carriers. The loss of revenue has seriously impacted on the Canadian general freight carriers, creating in part the over-capacity problem and the higher operating ratios.

The fact is that in recent years we have seen an enormous negative impact on our trucking industry. This crisis situation simply must be addressed.

Yet, confronted with a full-blown transportation crisis, the government has been capable of producing what can only be described as a very timorous program. We have the makings for disaster for the trucking industry if we do not do better than Bill C-75. The demonstrations we saw a year ago outside this chamber also took place in other Canadian cities including Toronto, Windsor, Cornwall and cities in British Columbia. It was a cry for help from the truckers to let us know that they are in trouble and cannot make ends meet, and that they are going to be outdone by their American competitors.

It is alleged that U.S. truckers are actually fuelling up south of the river, taking their cargoes to Montreal and Toronto and that they have enough gas left to return to the border—and we have all heard the stories about buses making their way only to the top of the bridges joining Canada and the U.S. and people coming across with a gerry cans full of gasoline so that the buses can make it over the hump back to the United States where they can fill up with extremely cheap gasoline, most of which comes from Canada. Obviously, there is an overall cost advantage in doing so.

The industry has been crying out for help and we have been responding, not with the help they need but with peanuts.

But one should do more than just criticize the government. This party will support the bill although it falls well short of what could and should have been done on behalf of the trucking industry.

We want to include a provision to permit a shorter period of depreciation of equipment. That was addressed, in part, in the announcement the minister made in the other place last December. Even then, his response fell well short of what is needed.

[Senator Perrault.]

While the trucking industry indicated a need to more rapidly depreciate very expensive equipment, the minister's response was to allow depreciation to be accelerated with respect to purchases of tractors and trucks after December, 1991.

We are critical of the fact that this government has not touched the question of trailers or the rate of depreciation of equipment already owned by many small businesses, in particular those that were already in financial difficulty.

The industry obviously needs great relief from the tax on diesel fuel. I know some government spokesmen say that the federal levy is even less than that which exists in the United States, but combined with provincial and other taxation fuel costs are substantially higher.

From the discussions I have had, I understand that virtually no one in the trucking business will take advantage of the rebate on diesel fuel because it entails a one-to-ten loss under the carry forward provisions of the Income Tax Act. Under the federal tax system, the trucking industry, as is the case with all Canadian businesses, is able to carry forward business losses for a period of up to seven years. If a loss is incurred this year and profit is earned next year, the government proposes to allow next year's profit to be reduced by this year's losses to spread out the tax burden a little more fairly rather than rigidly limiting it to one year at a time.

That is one of the reasons businesses that are profitable on occasion do not pay any tax at all. They may make a profit this year, but have experienced losses the previous year.

The government appears to have required trucking businesses to give up $10 of loss carry forward for every $1 of fuel tax rebate they claimed. In effect, with roughly a 44 per cent or 50 per cent corporate tax, including federal and provincial taxes, the loss carry forward lost to truckers is much greater than the value of the rebate if they return to profitability in a short period of time. It would only be effective for companies holding losses from five, six or seven years earlier which would otherwise expire.

In point of fact, although the government has tried to make it sound like this is a generous provision, it is really of little, if any, use. It provides for a 1.5 cent rebate; up to $500 for small trucking companies. Anything helps, but Canadians will be interested to know that for a large rig that may amount to about 1.5 to 1.75 cents on a tank of fuel. That is how much the government is helping out.

We are told by Senator Kinsella that this is a good news bill. As I said earlier, I do not think the trucking industry is having a riotous celebration.

In the other place some members of the opposition suggested that some changes be made respecting the GST that

would assist the truckers. Our suggestion was that the remittance cycle for truckers be extended just a little, from 45 to 70 days, the time taken to provide GST rebates. This would help with the cash flow situation in which these operators find themselves. Again, there is no response from the government. Again the truckers are left on their own to try to deal with the serious problem of maintaining economic viability.

Our party suggested that there be permission for tax deductibility from income of the cost of an operating licence. This is an historic complaint. In 1987, when deregulation of trucking was introduced, trucking companies in Canada had as much as $200 million in the value of trucking licences previously issued. These licences maintained value and could be bought and sold in the marketplace but, with deregulation, the asset value of a licence was immediately reduced to zero. When deregulation came in it offered the hope of much more competition, but there was no adjustment period for existing companies to take into account the increased competition and the loss of an asset which, in many cases, had been quite valuable.

I would quote from remarks by Mr. Manley in the other place when hesaid:

> It is interesting to compare the approach our government took to that which was taken in the United States, where in similar circumstances trucking companies were able to write-off the existing cost of their licences over a two-year period. That gave them an opportunity to make the adjustments that were necessary by sheltering some income in those two years and to make certain adjustments so they could be as competitive as the new competition on the roads.

● (1730)

We suggested last year that efforts be made to improve the federal-provincial co-ordination on policy matters affecting the transportation sector. We have seen no movement on that issue whatsoever.

We asked for improved enforcement and increased penalties for those engaged in illegal cabotage in Canada. There has been no movement on that. Yet there is all sorts of evidence. We have allegations that some U.S. vehicles are picking up cargoes in Canada and taking them to other Canadian points before they move down to the United States.

We urged the federal government to increase its investment in road infrastructure. This is a very important matter because, in talking about these rebates for excise taxes on diesel fuel and so on, we have a very significant source of revenue for the Government of Canada, which it takes directly out of this industry. It is approximately $5 billion in revenue for the Government of Canada. That is a lot of money—and let us remember that there are 250,000 employees in the industry from coast to coast.

One would think that when that much money is being sucked out of the system, the federal government would be looking for ways to reapply those revenues to make it a better system for those trucks to use. One would think it would be going into road infrastructure. Do members know how much is going back in? About 5 per cent.

While there is a major burden on our industry which is endeavouring to compete with the United States, a major burden reducing our competitiveness, in return the federal government offers a pittance, a 5 per cent pittance, to the cost of the infrastructure that is essential to this business. That is not much to celebrate. That is not much occasion for unbounded joy.

When this government talks about its generous treatment of the trucking industry, let us be aware—because it affects all of us, regardless of where we live in Canada and however we vote—that, in fact, we have a full-blown transportation crisis. Yet, the government has been capable of producing only this timorous, halfway and half-hearted bill, a bill which, as I have said, could be so much better if the government would simply listen to some of the constructive ideas coming from Her Majesty's Loyal Opposition.

We will support this bill, but we must look forward to real action by a future government. Perhaps a change in government may be the only hope we have of producing the kind of legislation that will make us truly competitive in the tough, uncompromising trucking market.

In dietary terms, Bill C-75 offers the trucking industry and its 250,000 workers mere peanuts, and almost invisible peanuts at that, when we should be offering them a balanced and nutritious meal of government support and encouragement.

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

Hon. Noel A. Kinsella: Honourable senators, I welcome the observations of the Honourable Senator Perrault. I have, however, one point of clarification relating to the trucking option for the independent operators and the 1.5 cents per litre rebate. That rebate would have no effect on income tax losses. With respect to the carriers, of course, the 3 cents and the carry-forward applies; but, for the independents, that 1.5 cents per litre on the rebate, up to $500 each year—$1,000 for the two years of the program—would not be limited by the loss.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

The Hon. the Speaker: When shall this bill be read the third time?

On motion of Senator Kinsella, bill referred to the Standing Senate Committee on Banking, Trade and Commerce.

SOCIAL AFFAIRS, SCIENCE AND TECHNOLOGY

COMMITTEE AUTHORIZED TO STUDY SUBJECT MATTER OF BILL C-86

Hon. Lowell Murray (Leader of the Government), for the Honourable Senator Lynch-Staunton, pursuant to notice of June 16, 1992, moved:

That the Standing Senate Committee on Social Affairs, Science and Technology be authorized to examine the subject-matter of Bill C-86, An Act to amend the Immigration Act and other Acts in consequence thereof, in advance of the said Bill coming before the Senate, or any matter relating thereto.

He said: Honourable senators, I think there will be considerable agreement that the Bill C -86, which I am proposing be pre-studied, is an important bill. It is complex; it is on a sensitive subject. It tries, as we always do in dealing with immigration matters, to strike that delicate balance between the humanitarian instincts of Canadians and our humanitarian reputation as a nation, on the one hand, and the need to manage an immigration regime in an orderly fashion and as free as possible from abuse.

That is all I will say about Mr. Valcourt's bill, except that it is, I assure honourable senators, the product of very considerable reflection and discussion on the part of the government and by the government with experts in the field in this country and internationally.

I have no doubt that this bill will prove to be a controversial piece of legislation, as every bill touching upon immigration matters has been. It will require careful study. It will attract widespread interest in the country. I have no doubt that there will be many Canadians, individuals and groups, who will want to be heard on this matter and to make representations. Therefore, it seems to me that it is a classic example of a bill that is good to have prestudied by members of this chamber.

I do not think there is very much disagreement that the pre-study technique has been effective in the past, in that it has given us the opportunity to make a positive and timely contribution to the legislative process without resorting to confrontation between the two Houses or between this house and the government.

There are objections in principle to pre-study. Those principled objections are of relatively recent origin, as honourable senators know, because pre-study had become, if not the norm, certainly a frequent and useful practice in this chamber over a long period of time.

The objections, as I say, are on principle of a political and a procedural nature. These objections prevented us, for some time in this house, from having resort to the technique of pre-study, and I believe that the legislative process was the loser during that time.

● (1740)

In more recent times—that is, since the government obtained a majority in this place—we have succeeded in referring a number of bills to committee for pre-study. Her Majesty's Loyal Opposition have registered their objection. They have voted against the motions for pre-study, but they have not attempted in any way to obstruct the process. Indeed, in committee they have cooperated in the process and, in my opinion, the results have been quite satisfactory.

[Senator Murray.]

The Standing Senate Committee on Banking, Trade and Commerce, under Senator Poitras' chairmanship, pre-studied four financial bills not long ago: Bills C-4, C-19, C-28 and C-34. That committee also has pre-studied Bill C-48, to amend the Canada Deposit Insurance Corporation Act. In all cases a useful and constructive contribution was made by that Senate committee not only to those bills and to the legislation but also to the policy process as well. Therefore, Parliament and the public policy process are the winners.

Very recently, the Standing Senate Committee on Transport and Communications, under Senator Oliver, has been pre-studying Bill C-62, respecting telecommunications. This is another extremely important bill, and the committee has heard many witnesses. I am informed that the committee is just about ready to table quite a comprehensive report on this bill. I can assure honourable senators that the minister, Mr. Beatty, who has testified before the committee in the pre-study process, is very anxious to have their report so that he can take it into consideration as the bill moves through the normal process in the House of Commons.

Therefore, honourable senators, I am making a plea to you to accept my motion to refer Bill C-86, the amendments to the Immigration Act, to the Standing Senate Committee on Social Affairs, Science and Technology for pre-study. It is a complex bill that will require a great deal of attention. There will be many people who will want to be heard, and this is a case where many honourable senators will want to make a timely contribution to the policy and legislative process.

I bring this motion forward now in the hope that the standing committee will be able to organize its work in the next little while and will be able to begin the pre-study hearings, if not during the summer then very early in the fall. There is always the possibility — perhaps a strong one—that we will be back here on one or several occasions during the summer. If the committee were ready, they could begin hearing witnesses on one of those occasions. In any event, I should like to have the motion passed so that the committee could organize itself to pre-study Bill C-86 now.

Due to the unfortunate illness of our colleague, Senator David, the Social Affairs committee is at the moment without an active chairman. As we all know, the deputy chairman, Senator Marsden, will be leaving us shortly. The time has come for us to act on this matter. Because Senator David's absence may be somewhat prolonged—and one hopes that is not the case, but on the other hand the recovery process is a long one in these matters—I would propose that the committee meet to elect an acting chairman. I would ask the clerks to arrange for this to be done in the next day or two. We will then be ready to propose the name of an acting chairman.

The main purpose of my intervention now is to commend to you for your favourable consideration this motion for pre-study of amendments to the Immigration Act.

Hon. Royce Frith (Leader of the Opposition): Honourable senators, the Leader of the Government, in speaking in support of his motion, promised to be brief. I think I can promise to be briefer. We might risk boring honourable senators with the recurring restatement of our differing positions on the pre-study.

The principle of pre-study is the concurrent examination of legislation by the two houses. The constitution provides for consecutive consideration of legislation. We support the Constitution and believe that it is inappropriate for the two houses to study legislation concurrently, unless we consciously alter the system set up in 1867 to have Parliament operate in that consecutive fashion.

Senator Murray, the Leader of the Government in the Senate, argues that this bill is important, complex, complicated and sensitive. No words appear in the constitution stating that "the two houses shall deal with legislation consecutively except when the legislation is important, complicated or sensitive". Who is to decide when a bill is so important, so complicated and so sensitive that the constitutional provisions should be abridged or annulled?

I certainly hope that the government will not ask us, when this bill arrives again in the Senate through the front door, to speed its passage and speed the consecutive consideration of the bill because it has received pre-study—something that we have been asked to do in the past.

Senator Murray says that he thinks that the concurrent, rather than the consecutive study of legislation as provided for in the constitution, has been effective. That is for someone else to judge, but I think it has been effective for the government in the sense that the government feels it can expedite passage of its legislation by getting rid of the nuisance that Parliament is.

It is a nuisance for any government to have to get things through Parliament. It would be much easier if they could simply propose something in cabinet, have it carry in cabinet and have it become law. But that is not the way the system works and that is not the way the system is set up. It is true that such a method is effective in the sense that it tends to abridge, speed up and reduce the nuisance factor of Parliament—that is, from the government's point of view.

● (1750)

Is it timely? It is not timely in the sense that it is being done concurrently. It is not timely in the constitutional sense. What does "timely" mean anyway? I think it also means timely in the sense that it speeds up the process, gets rid of Parliament, and gets things through Parliament more quickly. From whose point of view is it timely, then? From the government's point of view, of course. If Parliament did not exist, that would make things effective, simple, and timely for the government. If that is the case, why do we need Parliament at all?

The reasons for the opposition to this abridgement of the constitutional provisions are not political and not necessarily confrontational. They are constitutional and procedural.

Hon. John Sylvain: May I ask a question?

Senator Frith: Of course.

Senator Sylvain: Does the constitution prohibit concurrent study of a bill?

Senator Frith: Obviously not, or we would not be able to do it.

Senator Sylvain: If a bill is concurrently studied here in the Senate, or at least examined in prestudy here, it does go back to the House and then comes back here. That is looking at it successively.

Senator Frith: I understand the formula.

Senator Sylvain: That is constitutional. What is the objection on the constitutional grounds?

Senator Frith: I understand the formula. We can call it by your name, if you like. The formula is: If it is not prohibited, it must be okay.

You read what I was saying the way you did, and I read that that is the effect of what you are saying. I say, and I think the senator will agree, that the constitution and the traditions of the constitution and the procedures therein provide for consecutive study, and do not prohibit concurrent study. The senator is saying that therefore there is no argument to be made for consecutive study. I am simply saying that is what the constitution provides for.

Senator Sylvain: But the constitution—

Senator Frith: The honourable senator has had a chance to ask his question. He will have his chance to speak to the motion in a moment. I think this exercise smacks a little of a camel-in-the-tent operation. However, I answered the honourable senator's question. He can intervene in the debate.

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, we are getting close to 6 o'clock. By the rules—

Senator Frith: I was about to sit down.

Senator Lynch-Staunton: By the rules, we need unanimity to continue, and I suggest we continue.

Senator Frith: Very well. I have almost completed my remarks.

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

Hon. Senators: Agreed.

Senator Frith: Honourable senators, the lines are clearly drawn. I can see that neither in this case nor in other cases have I persuaded members opposite of our point of view. I am sure they have not succeeded in persuading me of theirs.

That is our position, and that is why we will vote against this motion for pre-study. Like the Leader of the Government, I incorporate by reference other comments made on other occasions on the same subject.

Hon. John B. Stewart: Honourable senators, just the other day Senator Doyle made an address to the Senate on the way the Senate has been neglected by the media. One searches for an explanation for that neglect. I do not want to say that any one cause is entirely responsible for the effect he deplored. However, I do suggest that one of the causes that over the years has contributed to the reduction of the status of the Senate has been pre-study.

Even though ministers—and thus the House of Commons—may come to accept proposals for amendments put forth by senators prestudying bills, inevitably the Senate is cast, not as a legislative body when that takes place but as a kind of lobby. I understand why Senator Murray thinks that prestudy is good, and I do not mean to say that he is entirely wrong.

Perhaps Senator Murray and his colleagues, as well as ministers, whether of this government or of another government, could accomplish much the same purpose by having bills such as Bill C-86 initiated in the Senate. Provided there is no appropriation clause in a bill, the work on that bill could begin here. Then, after the bill had passed this house, it could go to the House of Commons in what might well be an improved state. That is an alternative that would accomplish Senator Murray's purpose without any of the disadvantages of the prestudy process.

I do not expect Senator Murray to have Bill C-86 withdrawn from the House of Commons and then introduced here, but I wonder if he would not adopt the suggestion to introduce bills here on a trial basis in a few cases in the near future.

Hon. Consiglio Di Nino: Honourable senators, the Leader of the Opposition of the Senate may find that from time to time I will agree with him. Unfortunately, this is not one of those instances.

This particular piece of legislation has been described as a very complex one. It deals with a lot of emotional issues as well as factual and legal issues. Senator Stewart chose the word "lobby" to describe one of the responsibilities of the Senate, at least in this particular case. I suggest to you that if he had used the word "investigative" as a role that the Senate can and does play very well from time to time, I think he would have give a better description of the kind of role that the Senate can play through pre-study of a bill, and in particular of a bill of this nature.

I suspect, as my leader has stated, that a large number of people and many organizations will want to participate in the debates on this particular bill. I believe it will be a unique and useful opportunity for them to do so through a pre-study procedure in the Senate where we may be able to influence—and I suspect we will—some of the decisions that will arise out of the deliberations in the House. In effect, honourable senators, it is my opinion that those of us who have a keen interest in the matters that pertain to this bill may wish to make recommendations to the minister on some of the issues contained in the bill that he presented yesterday.

[Senator Frith.]

Honourable senators, looking at the reality of the matter, I, for one, believe that my opportunity to influence some change or amendment to this piece of legislation will be a great deal better through having a pre-study than it would be if we received the bill as a fait accompli from the house in the usual fashion. I support our leader on his motion on this particular issue.

Senator Stewart: May I ask Senator Di Nino a question? Would he not agree that the investigative work which he thinks is highly desirable could have been performed just as well, perhaps better, if this bill had been introduced in the Senate in the first place?

• (1800)

What is added by having a bill given first reading in the House of Commons? If a bill does not contain a clause for the appropriation of money, why not introduce it in Parliament in the Senate? Then, after the investigative work, which Senator Di Nino correctly emphasizes, has been completed, and any amendments the government thinks desirable have been made, the bill could go to the House of Commons. Presumably, it would move more rapidly through that house by reason of the exploratory work that had been done here and by reason of any improvements made to it here.

I think we are almost in agreement. I want Senator Di Nino to confirm that we are.

Senator Di Nino: It is not a question of confirmation. The fact of the matter is the bill has been presented in the House of Commons. It is now in motion. The question of whether it would have been better to introduce it here is a rhetorical one. I am not sure I can truly answer that.

We are dealing with something that is a fait accompli at this time. Let us deal with it.

Senator Murray: Honourable senators —

The Hon. the Speaker: I wish to advise honourable senators that, if Senator Murray speaks now, his speech will have the effect of closing the debate on this motion.

Senator Murray: Honourable senators, I do not disagree at all with the points made by the Honourable Senator Stewart regarding the desirability of introducing more legislation in the Senate. While there is only one minister of the Crown here at present, there are many people on this side who are more than capable of taking legislation through a parliamentary body. We have people on both sides of the house, and we have committees that have proven their value in examining legislation, in airing all the policy and constitutional and legal considerations that need to be aired.

Senate committees enjoy an excellent reputation among experts, and, indeed, among citizens generally who have had experience in testifying on public issues before a parliamentary committee.

There are two constraints upon us. One was mentioned by the Honourable Senator Stewart and has to do with bills that

require a Royal Recommendation. I think the honourable senator will contend that governments have tended to apply rather broadly the convention having to do with Royal Recommendations. I suspect that Bill C-86 needed one, or was believed to need one, and was given one. Thus, there is some question as to whether or not it could originate in this house. That is the first consideration.

The other is of a more political nature. Important legislation of this kind involves a good deal of study, work and leadership on the part of the sponsoring minister, who is almost always a member of the House of Commons, and of other ministers. I think it is fair to say that any minister is somewhat reluctant to let the matter out of his hands so long as he can keep it in his hands and pilot it through the parliamentary process.

On matters of controversy, as this one will be, it is by no means clear to me that there would not be objections on the opposition side of the House of Commons as well if we got into the practice of originating many important bills in this place. However, I can say to the honourable senator, and to all honourable senators, that since the government obtained a majority in this place I have heard rather more often than I used to in meetings with my ministerial colleagues the suggestion that it would be a good idea to introduce this or that bill in the Senate rather than in the House of Commons. There is a growing appreciation of the possibilities there. I hope that we can take advantage of that a bit more frequently than we have done.

Senator Frith: We will try to maintain that tradition.

Senator Murray: With respect to technical pre-study, some time ago members of the other place were considering sending us bills for "pre-study of their subject matter" after first reading and before the matter came for debate on principle. I do not know whether they resolved that question or not, but serious consideration was being given to that possibility on both sides.

In any case, I do not disagree in principle with what the Honourable Senator Stewart is suggesting. I hope we can make greater use of the Senate in that way in the future. Meanwhile, I believe that in respect of this bill, the policy and legislative process would be well served by pre-studying its subject matter in the Standing Senate Committee on Social Affairs, Science and Technology.

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

Some Hon. Senators: Agreed.

Some Hon. Senators: On division.

Motion agreed to, on division.

NATIONAL PARKS ACT

BILL TO AMEND—SECOND READING—DEBATE CONCLUDED

On the Order:

Resuming the debate on the motion of the Honourable Senator Berntson, seconded by the Honourable Senator DeWare, for the second reading of Bill C-59, an Act to amend the National Parks Act.

Hon. Len Marchand: Honourable senators, I will not take a great deal of time in speaking to Bill C-59. The explanation of this bill as given by Senator Berntson in his speech on second reading a few days ago was most clear. He explained in clear terms that there are two main portions to the bill.

One portion relates to the Treaty No. 8 obligations flowing from the land claim settlement reached in 1986 by the Cree band of Fort Chipewyan. In that settlement, Canada, Alberta and the band agreed that additional entitlements under the treaty would include provisions for some 12,000 acres of land for reserve purposes, and some $26.6 million for compensation. Thus, this is an important item for that band.

The second purpose of the bill is to set aside a national park reserve in the Queen Charlotte Islands of British Columbia. Honourable senators will recall that this was a matter of some controversy a few years ago which resulted in about 72 Haida people ending up in jail. The Haida people whose homeland was being devastated said, "Enough is enough." They stood up to protect their homeland.

As a result of that action, the Government of British Columbia, the Government of Canada and various environmental groups reached an agreement. Thus, Bill C-59 establishes, finally, a park reserve.

I wish to make a couple of points about the park reserve. I have been talking with some of the Haida, many of whom are my old friends. They went to their people with a referendum on this issue and, of course, entering into the agreement was approved by the referendum.

● (1810)

They distributed a paper before the referendum. That paper indicates:

> The mandate of the C.H.N. negotiators has been to come up with a management agreement for Gwaii Haanaas Heritage Site which does not jeopardize Haida Title and Rights in Gwaii Haanaas or any other part of Haida Gwaii. Our position of ownership of Haida Gwaii remains firm. We have not agreed to go under the authority of Canada in any way. This is not a "land claims" agreement.

They say that this is their homeland and so why should they enter into a claim situation on it. They make that point very clearly.

In the agreement they say:

> In its simplest terms this is an interim arrangement pending the eventual settlement of "land claims". The proposal is a cooperative management agreement covering the Gwaii Haanaas land area, and not the waters.

The water area is subject to a further negotiation whereby perhaps there will be a marine park established.

The paper continues:

> The proposed agreement has a mechanism to opt out if we so choose.
>
> The Government of Canada will not be able to do anything without Haida approval.
>
> Gwaii Haanaas has dominated our political agenda for several years now and through it we have gained the respect of the Canadian Governments and the International Community. We are now prepared to take it a step further which will secure and enhance the steps that have been taken over the years. This can be done by meeting Canada at a level equal to their own. This is a giant step from being their "children" or wards of the Government. Only by getting to an equal level can we ever go another step higher. This kind of advancement cannot be put off until a "land claims" settlement, which they may put off as long as they want.

They go on to say:

> Canada has refused to acknowledge that there is a dispute over ownership of Haida Gwaii because once they make that admission, they have to do something towards resolving the dispute. In this agreement, they admit that there is a dispute. This may seem like the obvious and of little importance, however, it is of utmost importance in establishing the order.

They go on:

> One of the most significant features of this agreement is that it recognizes the Constitution of the Haida Nation, which is not the constitution of a society or charitable organization as are most constitutions, but the Constitution of a Nation. This is not something that they wanted to do but we would settle for nothing less. The implications are far reaching while there is little hope of getting it recognized in any other way.
>
> Gwaii Haanaas is our home, and in this agreement we establish our rights to do the things our ancestors have done, including building cabins and even homes, getting food, cedar, trapping, and in regard to any development or activities for tourists they need our consensus approval. Our people will be central to all planning management and operations in Gwaii Haanaas.

Honourable senators, some of the Haida leaders have advised that they want this bill passed. We certainly want to cooperate. This is an interim arrangement and it does provide a good stepping point for them to go on and enter into further arrangements.

It will also provide some employment for their people. It will provide a great tourist area that is rich in many aspects. It is an international heritage site. There are contained in the area some plants that are unique to that area. The area was not glaciated in the last glaciation period, which was some 10,000 years ago. It also contains some animals that are unique to that area. Overall it is a very rich site and this agreement really has some value for those people.

Honourable senators, I would be quite pleased to have the bill referred to committee, where perhaps it could be considered tomorrow. We will give our cooperation to ensure that it receives third reading as soon as possible.

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?

On motion of Senator Lynch-Staunton, for Senator Berntson, bill referred to the Standing Senate Committee on Aboriginal Peoples.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Thursday, June 18, 1992

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

Prayers.

ROYAL ASSENT

NOTICE

The Hon. the Speaker informed the Senate that the following communication had been received:

RIDEAU HALL

OTTAWA

GOVERNMENT HOUSE

June 18, 1992

Mr. Speaker,

I have the honour to inform you that the Honourable Peter deC. Cory, 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 June, 1992, at 4.45 p.m., for the purpose of giving Royal Assent to certain bills.

Yours sincerely,

JUDITH A. LAROCQUE
Secretary to the Governor General

SENATORS' STATEMENTS

VETERANS AFFAIRS

THE VALOUR AND THE HORROR—NATURE OF SUB-COMMITTEE HEARINGS INTO NFB FILM

Hon. Philippe Deane Gigantès: Honourable senators, several of us received today by fax letters from the President of the Canadian Broadcasting Corporation and the President of the National Film Board, in which they protest what the Sub-Committee on Veterans Affairs of the Standing Senate Committee on Social Affairs, Science and Technology plans to do with reference to this matter.

Not only is this sub-committee engaging in censorship, it will also act in an unprecedented manner, which, in my view, is unjust. It will hear witnesses for the prosecution, not giving the defence a chance to rebut.

Senator Barootes: How do you know that?

Senator Gigantès: Because that is what they said they intended to do.

There are two groups of witnesses, one which is against the series made by the National Film Board which was shown on the CBC. The other group defends that series. The group that defends it has not been invited to attend the committee. That group will be invited to attend in the autumn. There may be a national referendum on September 14. There may be an election afterwards. Therefore the chance to rebut the accusations may not be given to them.

Honourable senators, this will be a kangaroo court. It is improper and unfit for the Senate to do this. I am surprised that Senator Marshall, a man whose wonderful reputation we cherish, will participate in this disheartening affair. The last time this happened, the Senate was ridiculed across the land. It will be even worse in this case.

GENERAL ELECTION

NUMBER OF DAYS LEFT IN CURRENT TERM

Hon. Royce Frith (Leader of the Opposition): Honourable senators, the Big Ben election clock reads as follows for Thursday June 18, 1992—

Senator Simard: If the Senate is being ridiculed, you are doing your share, Senator Frith.

Senator Frith: If you have a statement, stand up and make it.

The Hon. the Speaker: Honourable senators, I wish that senators would be more courteous of those who have the floor. Senator Frith has the floor.

Senator Phillips: May I ask the Honourable Senator Frith if he will yield to Senator Marshall?

Senator Simard: I am asking you to rule on this, Mr. Speaker.

The Hon. the Speaker: Senator Simard, this is Senators' Statements.

Senator Simard: He is abusing the rules of this house.

The Hon. the Speaker: Please sit down. During Senators' Statements I think that on both sides of this house there should be courtesy shown to whomever is making a statement.

Senator Simard: Not every day. It is rubbish and foolish.

Senator Gigantès: Are you talking about Senator Charbonneau?

Senator Hastings: Do you mean the Speaker?

Senator Frith: Today, Thursday, June 18, 1992, the democrats, according to Senator Murray's definition, have 156 days left. Those who are cowardly and contemptuous of democracy have 542 days until the election clock chimes.

VETERANS AFFAIRS

SELECTION OF WITNESSES TO APPEAR BEFORE SUB-COMMITTEE

Hon. Jack Marshall: Honourable senators, as chairman of the sub-committee I probably should not respond to Senator Gigantès, but I want to tell him that I promised the CBC that I would be impartial, and I will be. Senator Gigantès has every right to rise on this matter, but he is making presumptions that are not correct.

I am not sure that I should take the time to explain this, but the reason we will not be hearing from the CBC is that the four days of meetings originally scheduled have now been reduced to two because of the work of the Senate. The Senate committee itself, that is the total committee, not just the chairman, made the decision. We heard from Mr. McKenna. The CBC got their message out to eight million people in Canada, they say. Joan Pennyfather of the National Film Board, who appeared before a communications committee meeting in the other place, stated that they had reached 1.8 million people with the film. Consequently, we had to condense it to certain witnesses.

The CBC and the NFB have been heard by Canadians across the country. They have spoken their truth and now the people that asked the Senate sub-committee to represent them and help them respond are getting that opportunity. We will also allow historians to appear before the committee—and, incidentally, they are from both sides and there are witnesses from both sides. They will appear on those two days and then we will adjourn until the fall.

The CBC and NFB wanted to appear now and wanted to rebut after each witness was heard. They would place themselves above the Senate. In any event, the committee decided on a certain agenda, and we will carry that out.

Senator Gigantès: Rebutting accusations; putting oneself above the Senate? This is strange.

Senator Simard: Those are orderly procedures and orderly meetings. You do not believe in orderly meetings. You do not care. You want revolutions!

ROUTINE PROCEEDINGS

REFERENDUM BILL

REPORT OF COMMITTEE

Hon. Mabel M. DeWare, for Honourable Senator Stanbury, Deputy Chairman of the Standing Senate Committee on Legal and Constitutional Affairs, presented the following report:

THURSDAY, June 18, 1992

The Standing Senate Committee on Legal and Constitutional Affairs has the honour to present its

[Senator Frith.]

EIGHTEENTH REPORT

Your Committee, to which was referred the Bill C-81, An Act to provide for referendums on the Constitution of Canada, has, in obedience to the Order of Reference of Wednesday, June 10, 1992, examined the said Bill and now reports the same without amendment.

Respectfully submitted,

RICHARD J. STANBURY
Deputy Chairman

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

On motion of Senator DeWare, bill placed on the Orders of the Day for third reading at the next sitting of the Senate.

● (1410)

CRIMINAL RECORDS ACT

BILL TO AMEND—REPORT OF COMMITTEE

Hon. Mabel M. DeWare, for Honourable Senator Stanbury, Deputy Chairman of the Standing Senate Committee on Legal and Constitutional Affairs, presented the following report:

THURSDAY, June 18, 1992

The Standing Senate Committee on Legal and Constitutional Affairs has the honour to present its

NINETEENTH REPORT

Your Committee, to which was referred the Bill C-71, An Act to amend the Criminal Records Act and other Acts in consequence thereof, has, in obedience to the Order of Reference of Wednesday, June 17, 1992, examined the said Bill and now reports the same without amendment.

Respectfully submitted,

RICHARD J. STANBURY
Deputy Chairman

THIRD READING

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

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, because there will be Royal Assent this afternoon and the report was brought in without amendment, may we have leave to have third reading now?

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

Hon. Gildas L. Molgat (Deputy Leader of the Government): In view of the fact that there is Royal Assent this afternoon, I will agree.

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

Hon. Senators: Agreed.

Motion agreed to and bill read third time and passed.

NATIONAL PARKS ACT

BILL TO AMEND—REPORT OF COMMITTEE

Hon. Len Marchand, Chairman of the Standing Senate Committee on Aboriginal Peoples, presented the following report:

THURSDAY, June 18, 1992

The Standing Senate Committee on Aboriginal Peoples has the honour to present its

SECOND REPORT

Your Committee, to which was referred the Bill C-59, An Act to amend the National Parks Act, has in obedience to its Order of Reference of Wednesday, June 17, 1992, examined the said bill and now reports the same without amendment.

Respectfully submitted,

LEN MARCHAND
Chairman

THIRD READING

The Hon. The Speaker: When shall this bill be read the third time?

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, for the same reasons given with respect to the previous bill, I ask for leave to have third reading now.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): We agree under the same conditions, that we support the bill, there have been no objections raised, there are no amendments and Royal Assent is this afternoon.

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

Hon. Senators: Agreed.

Motion agreed to and bill read third time and passed.

AN ACT TO AMEND CERTAIN ACTS IN RELATION TO PENSIONS

AND TO ENACT THE SPECIAL RETIREMENT ARRANGEMENTS ACT

AND THE PENSION BENEFITS DIVISION ACT

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-55, to amend certain Acts in relation to pensions and to enact the Special Retirement Arrangements Act and the Pension Benefits Division Act.

Bill read first time.

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

On motion of Senator Lynch-Staunton, bill placed on the Orders of the Day for second reading on Monday, June 22, 1992.

CANADA-EUROPE PARLIAMENTARY ASSOCIATION

VISIT OF DELEGATION TO UKRAINE—REPORT TABLED

Hon. Gerald R. Ottenheimer: Honourable senators, if I may, I should like to table, in both official languages, the report of our parliamentary delegation to Ukraine, undertaken under the aegis of the Canada-Europe Parliamentary Association during the period April 28 to May 9, 1992.

I know that, under the rules, in order to speak to this matter I should give notice of an inquiry. It is not my intention to do that. If I had leave, however, I would speak for a couple of minutes in explanation; if that causes problems, obviously I will not do so.

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

Hon. Senators: Agreed.

Senator Ottenheimer: The Canadian parliamentary delegation was headed by Mr. Terry Clifford, Member of Parliament, and included three other members of the House of Commons, Mr. Ray Funk, Mr. Al Horning, and Mr. Brian O'Kurley, and I was very pleased to have the company of Senator Lorne Bonnell as part of the delegation representing the Senate. There were a number of Canadian businessmen present as well.

Certainly, it was a very instructive and interesting visit. As honourable senators are no doubt aware, Canada is held in very high regard in Ukraine, no doubt because of the large number of Canadians of Ukrainian origin. People expect very much of Canada, and certainly it is the hope of those who were over there that those expectations will be fulfilled.

Obviously, the Ukrainian people have enormous problems. Moving from decades of collectivism to a market economy is, I think for many people, an intellectual leap that will take some time to appreciate.

There are many lacunae in their system. For example, near the end of our visit, I learned that they have no criminal law as such. Under the former regime, a criminal act was a political act of noncompliance with the will of the proletariat; the concept of individual responsibility for one's acts outside the political context seems to be something new.

As honourable senators are well aware, there are severe tensions in the entire former Soviet Union and in parts of eastern Europe as well. In Ukraine, the Crimea is obviously an area of tension.

• (1420)

It is my impression, and I hope I am right, that in Ukraine people have resolved to settle these problems in a political

process, since they are problems essentially with the Russian republic. I did not notice, and I do not think any members of the delegation noticed, a nationalism or ethnicity factor being exploited. Certainly, that was the appearance, although the differences are quite severe between Ukraine and Russia, especially with respect to Crimea which had been part of Russia since the 17th century, then was transferred to Ukraine in the 1950s by Stalin. This is obviously a focus of quite some controversy.

I thank honourable senators for allowing me to make these few words of explanation, and I am pleased to table the reports.

Hon. M. Lorne Bonnell: I wonder if the Senate might give me the same courtesy to say a few words about the report.

Senator Frith: Sure. The travelogues always used to come ahead of the feature film.

Senator Bonnell: Thank you, Mr. Leader of the Opposition, for those lovely words. The travelogue is over; we are now at the feature film.

Let me say that what my colleague Senator Ottenheimer has said about Ukraine is true, and that the report is worth reading in either official language.

I want to tell you of an interesting part of our trip in Crimea. The day before we arrived in Crimea, a vote was held and the people of Crimea voted for independence. They voted that they would be independent from Ukraine, independent from Russia; that they would, in fact, be an independent republic.

Two days after that, they again became members of the Ukraine. Their independent state did not last very long; in fact, just long enough for them, in their independence, to sign an agreement that they wanted to be part of Ukraine, and not a part of Russia.

Another interesting development was that, as we met with the mayors and the municipalities and the Supreme Rada of the Ukraine, they seemed quite interested in twinning with some Canadian city. I took upon myself the job of trying to twin Sevastopol, the capital of Crimea—the place where the Ukraine fleet is docked on the Black Sea; the place where Florence Nightingale became such a heroine during the Crimean War—with the city of Halifax.

Our hosts were quite enthused with the idea because the Ukraine fleet is stationed in the Black Sea at Sevastopol, and the Canadian fleet on the Atlantic coast is stationed in Halifax. They are both tourist cities, they are both ship-building cities, and they are both multi-language cities. Sevastopol is a city of over 100 cultures. Our hosts thought it would be a good thing to be twinned with the city of Halifax, Nova Scotia, in Canada.

After I came back from that trip, I wrote to the mayor of Halifax, suggesting this arrangement to her and sending along the correspondence from Crimea. I am still waiting for a reply from the City of Halifax. Unfortunately, on the day I wrote to her, the mayor suffered a stroke. I suspect she is recovering and that, sometime in the future, she will bring the matter before the full City Council for their consideration.

So, in the end, there may be a possibility of twinning the capital of Crimea and the capital of Nova Scotia, both home ports to great fleets. Before too long, there may even be cruise ships go from Halifax to Sevastopol, through the Mediterranean, down through the Bosphorus and into the Black Sea, and vice versa. In any event, the people of the Crimea are prepared to come to Halifax to sign a legal agreement for the proper twinning of the two cities. It will be interesting to see if such an arrangement comes to pass, all because of our visit to that great state.

May I also say that our friend Senator Ottenheimer acted as leader during that trip. He did an excellent job. He knew all the history of the Crimea, all the history of Russia, the history of their languages, and the history of their churches. Every time we went into a different church, he was able to give us the entire history: who the priest was; who the cardinal was; who was shipped off to the far north, and for how many years. So we had a good interpretation of the Crimea from Senator Ottenheimer. We also had an explanation of it in the Ukrainian language, but, of course, I did not understand that.

• (1430)

Hon. Senators: Hear, hear!

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

TWENTY-SIXTH REPORT OF COMMITTEE PRESENTED

Leave having been given to revert to Presentation of Reports from Standing and Special Committees:

Hon. Thérèse Lavoie-Roux, Chair of the Standing Committee on Internal Economy, Budgets and Administration, presented the following report:

THURSDAY, June 18, 1992

The Standing Committee on Internal Economy, Budgets and Administration has the honour to present its

TWENTY-SIXTH REPORT

Your Committee has examined and approved the budget presented to it by the Chairman of the Standing Senate Committee on Privileges, Standing Rules and Orders, for the proposed expenditures of the said Committee with respect to its review of the Senate Rules, pursuant to Rule 87 (1) (f) of the *Rules of the Senate*. The said budget is as follows:

Professional and Other Services	$ 3,000.00

Respectfully submitted,

THÉRÈSE LAVOIE-ROUX
Chairperson

The Hon. the Speaker: Honourable senators, when shall this report be considered?

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

TWENTY-SEVENTH REPORT OF COMMITTEE PRESENTED

Hon. Thérèse Lavoie-Roux, Chair of the Standing Committee on Internal Economy, Budgets and Administration, presented the following report:

THURSDAY, June 18, 1992

The Standing Committee on Internal Economy, Budgets and Administration has the honour to present its

TWENTY-SEVENTH REPORT

Your Committee has examined and approved the budget presented to it by the Chairman of the Standing Senate Committee on Fisheries, for the proposed expenditures of the said Committee with respect to its examination of the current conditions and future prospects of Canada's Atlantic commercial inshore fishery, as authorized by the Senate on Tuesday, May 19, 1992. The said budget is as follows:

Professional and Other Services	$ 1,250.00
Transportation and Communications	200.00
All Other Expenditures	1,150.00
Total	$ 2,600.00

Respectfully submitted,

THÉRÈSE LAVOIE-ROUX
Chairperson

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

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

[*Translation*]

BANKING, TRADE AND COMMERCE

NOTICE OF MOTION TO CHANGE DATE OF TABLING OF FINAL REPORT

Hon. Jean-Marie Poitras: Honourable senators, I give notice that Friday next, June 19, I shall move that notwithstanding the order of reference adopted by the Senate on December 17, 1991, the Standing Senate Committee on Banking, Trade and Commerce be authorized to table the final report of its special study on the draft regulations ensuing from the new legislation on Canadian financial institutions no later than October 29, 1992.

[*English*]

SOCIAL AFFAIRS, SCIENCE AND TECHNOLOGY

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

Hon. Noel A. Kinsella: Honourable senators, with leave of the Senate and notwithstanding rule 59(1)(*a*), I move:

> That the Standing Senate Committee on Social Affairs, Science and Technology have power to sit at 5:30 o'clock this afternoon, even though the Senate may then be sitting, and that rule 96(4) be suspended in relation thereto.

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

Hon. Senators: Agreed.

The Hon. the Speaker: Honourable senators, is it your pleasure to adopt the motion? Motion agreed to.

VETERANS AFFAIRS

THE VALOUR AND THE HORROR—CONTROVERSY OVER NFB FILM—NOTICE OF INQUIRY

Hon. Philippe Deane Gigantès: Honourable senators, I give notice that on Monday, June 22, 1992, I will call the attention of the Senate to the scholarly aspects of the controversy over the inquiry by Senator Marshall's sub-committee into the film, *The Valour and the horror,* prepared by the National Film Board and presented by the CBC.

THE VALOUR AND THE HORROR — CENSORSHIP OF NFB FILM—NOTICE OF INQUIRY

Hon. Philippe Deane Gigantès: Honourable senators, I also give notice that on Tuesday, June 23, 1992, I will call the attention of the Senate to the inadvisability of the Senate's playing a censorship role in such matters.

GOODS AND SERVICES TAX

PRESENTATION OF PETITIONS

Hon. Royce Frith (Leader of the Opposition): Honourable senators, I have petitions from New Brunswick, Ontario and Quebec. These petitions ask Parliament to repeal the GST and hope for an early election.

The list of cities is as follows: from New Brunswick, Le Goulet; from Ontario, Hawkesbury, L'Orignal, Nepean, Orleans, Ottawa, and Vanier; and from Quebec, Hull.

The summary is as follows: Quebec, 1 petition with 7 names; New Brunswick, 2 petitions with 39 names; Ontario, 16 petitions with 351 names.

Total petitions, 19; total names, 397.

QUESTION PERIOD

THE ECONOMY

BANK OF CANADA—RELATION OF RATE TO ECONOMIC ACTIVITY

Hon. H.A. Olson: Honourable senators, my question is for the Leader of the Government in the Senate: Did the Bank of Canada rate fall below 6 per cent today as was forecast?

As well, I wish to ask the government leader if he believes that something more than a decline in that bank rate is required to kickstart the economy. In the past, that was sufficient. However, we have a report today that Canadian factories were operating at slightly more than two-thirds of capacity in the first quarter of this year, and that is the lowest level since this government came to office.

The writer of the article, or, indeed, Stats Canada, said that it was a lack of spending by consumers and businesses that was to blame and that it more than offset a slight surge in export-targeted production earlier in the year.

Does the minister realize that simply bringing the rate down, as welcome as that is, is not enough to get this economy going? That has been demonstrated over the past three or four months, and factory output is now at its lowest level since 1984.

Hon. Lowell Murray (Leader of the Government): Honourable senators, I am glad to confirm that the bank rate at noon today fell 17 bases points to 5.91 per cent, the lowest is has been since May of 1973.

Some Hon. Senators: Hear, hear!

Senator Murray: I am glad to see the honourable senator smiling. He understands, as an experienced person, the connection between a low rate of inflation, a low bank rate, low interest rates and renewed economic growth, and that, indeed, is what is happening in the Canadian economy.

Senator Olson: Honourable senators, I understand that, but there is still something missing. I agree that this situation has been going on for months, brought on, of course, by the recession. However, there is something missing because an upturn in the economy, consumer confidence and investor confidence have not been restored.

Is the government not seriously considering making at least the other statement? People are still very apprehensive about borrowing money at these rates, even though the rates are much more satisfactory than they have been, because the government and its agent, the Bank of Canada, have declared that they might use the bank rate to clobber people with higher interest rates if there is any suggestion that inflation might be starting to creep up a little from the very low level it is at today. A further statement of intent is what is needed. Does the government intend to do that, or will it continue to allow Canada to remain mired in this morass of debt?

[Senator Frith.]

Senator Murray: Honourable senators, the inflation rate in this country, low as it is, offers, in the view of the government, room for further decreases in interest rates.

The honourable senator asks what it will take to get the economy moving. I have to remind him once again that the International Monetary Fund predicts that Canada will have the highest rate of economic growth and the highest rate of employment growth of all the G-7 countries in 1992 and again in 1993.

Senator Frith: All of it inherited from the previous Liberal government, I assume, since you inherited everything else from it.

Senator Murray: This is in the future.

The honourable senator wants some good news. I will give him some good news that came out only today. He raises the question of factory output. I will give him some news which I think will be encouraging, especially to the manufacturing sector. In April, total merchandise exports in real terms were $157.4 billion, the highest total on record. This level of real exports in April represented an increase of 2.1 per cent over March, 1992; 5.9 per cent since December, 1991; and 8.5 per cent over April of 1991, a year earlier.

Senator Olson: I sincerely wonder, honourable senators, when these quasi-illusory replies that the minister gives might stop. They are as I said, because while he did say there was a bit of a surge in some export orders, he did not tell us what Statistics Canada said, namely that the surge was more than offset by further declines in domestic consumption. If you want to be honest and forthcoming about it, instead of deceptive—

Senator Gigantès: You are expecting too much.

Senator Olson: I know, but I sincerely believe it is the job of the opposition to prod the government from time to time to do something right.

Does this government intend to come forth with some answers in which people can have some confidence? For example, the figures came out yesterday. The deficit is $2.5 billion higher than was forecast when the budget for 1991-92 was presented. Indeed, it is $1.5 billion or $1.6 billion higher than even the updated version given by the Minister of Finance only a few weeks ago. This is the kind of misinterpretation of the facts of economic life in the real world that causes consumers and business investors to exhibit that lack of confidence, and stimulate what a lower bank rate ought to, namely, some economic activity. When will you give Canadians confidence that the government will not penalize them if they do take advantage of these lower interest rates?

Senator Murray: Honourable senators, let me put to rest the argument that the honourable senator has made about the budget deficit. The figures for the 1991-92 fiscal year will not

all be in until the fall. I can tell the honourable senator that the talk of a $5 billion discrepancy between the forecast and the reality is completely wrong and will be proven wrong.

Senator Olson: I said 2.5.

Senator Murray: Even there, I think my honourable friend will be found to be wrong.

Senator Olson: It is not I who is wrong, it is the people who study these things.

Senator Murray: I am telling the honourable senator that the final figures will not be out before the fall.

The honourable senator does not take as much satisfaction from the export figures as he should. One third of our jobs depend on exports. It is surely good news, especially for those in the manufacturing sector, to find that exports have been increasing at such a satisfactory rate.

Senator Olson: Marginal rate.

Senator Murray: It is not marginal. I just put on the record the figures for the increase in real terms in exports in April. Let me give the honourable senator the figures for exports to the United States: In April, it was $122.3 billion, a record level. The increase in merchandise exports to the United States was 4.7 per cent over the previous month. There has been a 13.2 per cent increase since December, 1991, and a 14.9 per cent increase over April, 1991. In case you were wondering —and I am sorry our friend Senator Perrault is not here—there has been a 16.8 per cent increase in merchandise exports to the U.S. since the implementation of the free trade agreement in January of 1989. That is good news.

UNEMPLOYMENT—EFFECT ON CONSUMER SPENDING

Hon. Philippe Deane Gigantès: Honourable senators, would the Leader of the Government please explain how it is that while exports and production are increasing, unemployment has also increased during the periods when those extra things were made? There is a link between high unemployment and lack of consumption, as everyone knows. An unemployed person has less money to spend and people who are afraid of unemployment are not willing to spend. There is also an increase in the number of people on welfare.

The policies of this government have been driving more people into poverty, yet we are only told that we have higher exports.

Hon. Lowell Murray (Leader of the Government): Honourable senators, I appreciate the point that the honourable senator has made about this link. There also seems to be some lag between increased economic growth and increased exports, increased investment and increased employment. I have already told the Senate, not only today but on numerous occasions, that the IMF, surely an objective international body, predicts that Canada will lead the G-7 nations not only in economic growth but also in employment growth in 1992 and 1993.

● (1450)

The point is that the fundamentals are in place for a renewed and sustained economic growth.

Senator Gigantès: Would the honourable Leader of the Government look up the figures of the IMF pertaining to last year and the year before and come back to tell us whether or not the IMF has been wrong about Canada? I claim that it has been for the past two years.

Why does the minister think they are faultless oracles and infallible?

Senator Murray: I did not suggest that they were faultless oracles or that they were infallible, either.

I will do better than what the honourable senator asks.

I will obtain the forecasts made by the IMF, the OECD and other such bodies; as well as those of some of the private think-tanks in this country, and those made by the Department of Finance in successive budgets. I believe I can demonstrate to the honourable senator that the government's record as forecaster has been pretty solid.

Senator Gigantès: I would love to see that.

JUSTICE

ROYAL CANADIAN MOUNTED POLICE—STATUS OF REPORT OF PUBLIC COMPLAINTS COMMISSION

Hon. Joan Neiman: Honourable senators, I have a request of the Leader of the Government in the Senate. Some three months ago questions were asked in the Senate regarding an unfortunate incident of an Inuk woman who was involved in a rape case. She, in fact was the victim. Because she was reluctant to testify against the accused in the case, she was escorted by the Royal Canadian Mounted Police from Vancouver back to Iqaluit under very distressing circumstances.

Shortly after that occurred, as a result of all the publicity in the papers, Commissioner Inkster appeared before a committee of the other place, apologized for what had happened, and told the committee that the officers involved had been disciplined internally. He also said that he was waiting for the report of the RCMP Public Complaints Commission to decide whether or not to take further action.

Can the Leader of the Government obtain information concerning the contents of the report? I am sure it has been finalized at this point in time.

It would also be helpful to know what type of internal discipline these Mounties were subjected for what was, indeed, a most distressing incident.

Hon. Lowell Murray (Leader of the Government): Honourable senators, I shall ask for a report from the Solicitor General, Mr. Lewis.

VETERANS AFFAIRS

THE VALOUR AND THE HORROR — SELECTION OF WITNESSES TO APPEAR BEFORE SUB-COMMITTEE

Hon. Philippe Deane Gigantès: In view of the fact, honourable senators, that any reputable historian will tell you that he disagrees with practically every other reputable historian on any major issue; and in view of the fact that, on the issue Senator Marshall intends to investigate, there are opposing opinions by reputable historians, as well as opposing testimony, would the Leader of the Government intercede with Senator Marshall so that the Senate will not be put in a position of having to make a judgment on the validity of the opinions of different historians and different groups of veterans?

Hon. Lowell Murray (Leader of the Government): Honourable senators, I would presume that my honourable friends opposite have members on the sub-committee headed by Senator Marshall. I would also presume that there is a steering committee on which they are represented. I know Senator Marshall has heard what Senator Gigantès has just said.

The sub-committee and its steering committee are the proper places to decide the business of the committee, what witnesses shall be heard and in what order. I am sure the chairman of the sub-committee has heard the senator's remarks and will pay proper attention to the representations made.

Senator Gigantès: Does the Leader of the Government not agree that it is the business of the Senate, and not of one of its sub-committees, to decide whether the action of one of its sub-committees might bring discredit to the Senate by presenting it as a body that tries to impose censorship on the free expression of scholarly disagreements and on the publication of such disagreements by institutions such as the National Film Board, which has a whole array of historians to prove Senator Marshall's historians wrong?

Senator Murray: Honourable senators, first, the sub-committee, in this instance is operating under a rather broad mandate given to it by the Senate.

Second, they are responding to representations that have been made to it, by veterans groups especially, throughout the country on this matter.

I hope the honourable senator will not prejudge the work of the committee. Senator Marshall is a fair-minded man. I have confidence in him and in the members of that committee.

I also hope that representatives of Senator Gigantès party will participate fully in the work of the sub-committee and make their representations there.

Finally, in any case, the committee will make a report will be presented in this place and debated. The Senate, including my honourable friend, can then judge whether the report and its recommendations, if any, are well-founded.

[Senator Murray.]

I am content to leave it at that, as I am with the work of committees generally.

Senator Gigantès: Will the Leader of the Government in the Senate have us believe that he does not care about the impression that will be created around the country because only one side will be heard and not the other at these sittings—which may not continue in the fall for all we know? The Senate will give the impression not only of being a censor but of being a kangaroo court that hears only one set of witnesses.

Senator Murray: Honourable senators, I really cannot add anything to what I have already said. If the honourable senator has a problem with what is happening in the committee, then he should, either personally or through one of his colleagues, bring that problem to the attention of the steering committee and, indeed, of the subcommittee and try to remedy the situation.

I would also remind the honourable senator that our rules permit him to ask questions of the chairman of the committee on matters relating to the business of the committee. I think his questions would be more appropriately directed to Senator Marshall than to me.

Senator Gigantès: The honourable Leader of the Government is the leader of the majority in this place. The committee is composed of a Tory majority. That majority has, presumably, taken a decision to hold hearings that will almost certainly give the impression that, first, we are engaging in censorship and, second, that we are loading the dice against one side. It is your side, sir, and you are the leader of the majority in the Senate which controls the sub-committee and its steering committee.

Senator Murray: Honourable senators, frankly, I am not party to the decisions of the committee. I invite Senator Marshall to answer the question.

Hon. Jack Marshall: Honourable senators, Senator Gigantès says that an impression will be left. The CBC has left an impression with eight million people. It has been heard.

We senators who represent minorities are responding to what amounts to a massive request to take up this matter. It is our job to do so, and if we were to do more of that, then there would be no talk about the demise of this place.

Senator Gigantès: The chairman of the sub-committee knows that the National Film Board series shown by CBC praises the Canadian fighting man. It shows that, as individuals and collectively, he was ready to serve heroically and to die for our country. It criticizes some decisions of mainly foreign leaders—not Canadians—who put Canadian fighting men in impossible situations.

This is not historically unprecedented. There was "Butcher" Haig. People have made such mistakes, including generals, in every war.

Senator Doody: Question!

Senator Gigantès: Why is the sub-committee objecting to people saying that generals have led Canadian fighting men to the slaughter as a result of mistakes at the generals' level?

Senator Marshall: The senator is trying to debate the whole issue now in the Senate. If he wants to come to the committee, he is welcome; if he wants to appear at the committee hearings, all he has to do is write a letter; and if he wants to say anything, let him ask to become a witness and we will answer him in the proper way.

Senator Gigantès: Is Honourable Senator Marshall trying to say that we are not allowed to express our opinions here, that we can only talk of the subjects of his choosing in his sub-committee?

Senator Lynch-Staunton: We are in Question Period.

Senator Gigantès: This is a question. I have asked him a question. I am asking him the questions because the Leader of the Government said he should answer them. Just answer one.

Senator Marshall: I did not get the text of your question. Will you ask it again?

Senator Gigantès: The question, sir, was: Are you suggesting that I am not allowed to ask questions on any subject I like in the Senate, but that I have to go before your sub-committee, by writing a letter and getting permission from your sub-committee to be a witness there? I do not want to be a witness. I want you to talk about it now.

Senator Marshall: I am surprised at Senator Gigantès. He just finished giving notice of two inquiries on this matter, which he will debate in the Senate on Monday and Tuesday, and now he is asking me to debate it again.

Senator Gigantès: Yes.

Senator Marshall: Go through the proper procedures. You have your inquiry in, but you want three kicks at the cat now.

Senator Gigantès: I will have six of them, because I will use my three minute periods tomorrow, Monday and Tuesday.

Senator Marshall: That is your right.

ENERGY AND NATURAL RESOURCES

UNEMPLOYMENT IN OIL AND GAS INDUSTRY

Hon. H.A. Olson: Honourable senators, I have in my hand a detailed list of all the lay-offs that have taken place in the various oil and gas companies in Alberta in the last two years. Just for the oil companies alone, including the large companies, but not the very small ones, approximately 11,961 stated that downsizing of the jobs had occurred in these oil companies—and this list does not include the drilling companies or the service companies, which would amount to four or five times as many. If you add that all up, the downsizing in the oil and gas sector in terms of loss of jobs represents approximately 65,000 or 70,000 lost jobs in the last couple of years.

Can the government give those people who are unemployed and reaching the end of their unemployment insurance benefits some comfort that the government is seriously considering some changes that will reverse this disastrous situation?

Hon. Lowell Murray (Leader of the Government): Honourable senators, we had this discussion some days ago.

Senator Olson: We did not get any answers, though.

Senator Murray: Those very companies came to us and asked us to make a change in the rules regarding foreign investment in the oil fields. They asked us to remove some of the remaining barriers to foreign investment in the Canadian oil industry.

We have responded positively to that request. The Minister of Energy, Mines and Resources has announced that legislation will be brought in to effect those changes.

Once again I ask the honourable senator for a firm commitment that he will support those positive measures to be brought in by this government.

Senator Olson: The Leader gave that answer before. However, one of the largest foreign investments in Canadian oil in Canada was when Amoco purchased the assets and liabilities of Dome Canada limited. Amoco has already announced that it will lay off 900 workers. They go on further to state that their goal is to have 1,500 fewer employees by 1993.

Therefore, this solution, namely to use a depressed situation to sell off the Canadian equity in the Canadian oil business, is not very satisfactory to the people who are watching the situation. Is that all the comfort that the Canadian government can give, namely, that we will use this depression in the gas and oil business to sell off the assets that Canadian companies previously held in the oil and gas leases?

Senator Murray: Honourable senators, the persistent and repeated representations of the industry to this government are to the effect that they need more and better access to equity capital. That is their statement. We have responded positively to those representations.

I hope the honourable senator will support our action in that regard. If he has other ideas as to policy initiatives that the government might take, we would be glad to consider them.

Senator Olson: I do not support the sell-off of Canadian oil and gas assets such as the honourable senator has indicated. The result of that, by the figures that are available to us now, indicate that there is no increase in the activity by the people who have lost their jobs in the last two years.

I will have to report that all this government will do is raise the minimum to $150 million and let all these companies do what Amoco is doing; in spite of the promises that Amoco made that they would invest an additional $5 billion in the Canadian oil and gas sector, they just simply have not done it.

Senator Murray: Honourable senators, if Senator Olson seriously intends to oppose these measures that have been announced by Mr. Epp, I would suggest he put a bag over his

head when he passes through Calgary on his way to Medicine Hat.

Senator Olson: I talk to the people who are watching what is unfolding. If there is anyone who needs a bag over his head, it is any Conservative going through Calgary recently.

DELAYED ANSWERS TO ORAL QUESTIONS

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, I have the answer to a question asked on June 2 by Senator Bosa, regarding the effect of free trade on the rate of unemployment. I have the answer to another question asked on June 4 by Senator Molgat, regarding the business confidence index.

EMPLOYMENT

EFFECT OF FREE TRADE AGREEMENT ON RATE OF UNEMPLOYMENT—REQUEST FOR TABLING OF REPORT

(Response to question raised by Hon. Peter Bosa on June 2, 1992)

The following analysis of the Canadian economy clearly indicate that the FTA is not responsible for job losses during the current recession.

Following are the comments of Kip Beckman, Senior Research Associate of the Conference Board of Canada, writing in the summer 1991 issue of *The Canadian Business Review:*

"A closer examination of the economic record since the FTA's inception indicates that free trade critics are confusing the facts. They are blaming then FTA for job losses that are attributable to a variety of other economic circumstances, such as the recession. There is also evidence that the FTA, rather than hurting the economy, may have actually offset some of the damage that the recession has done to the Canadian economy to date".

"The average tariff rate on dutiable imports from the United States will decline by about 1 percent per year. This implies that tariffs on U.S. goods have declined by only 2 percent during the first two years the agreement has been in effect. It is therefore difficult to argue that price advantages gained by U.S. imports due to tariff reductions to date are responsible for significant job losses".

An analysis made in the July 1991 commentary of the C.D. Howe Institute stated the following:

"... it is overly simplistic—and ultimately incorrect—to blame most or even a large proportion of the recent job losses in the Canadian economy on the FTA."

In his analysis of the third year of the FTA, Gordon Ritchie of Strategico Inc. made the following comments:

"The direct economic impact of the Canada-USA Free Trade Agreement, or FTA, has been small but positive, very much as expected, with measurable increases in business investment, trade and output and decreases in prices."

The Royal Bank of Canada in a 1991 study made the following analysis which was similar to the conclusion reached by the University of Toronto:

"The Canada-U.S. Free Trade Agreement (FTA) has not been a major contributor to the current difficulties being experienced by some industries in Canada. ... In fact, the Agreement may even have moderated the impact of the recession through higher levels of investment."

It should be noted that the number of manufacturing job losses has been growing over the last two and a half decades. As a percentage of the workforce, manufacturing employment has been in decline since the mid-1960's. This trend is in no way unique to Canada.

The FTA is not responsible for the Canadian job losses that concern all of us. The FTA has, however, shielded Canada from what might have been an even deeper recession, and indeed, as Wood Gundy suggested in a recent report, the FTA is accentuating industrial rationalization, which combined with the appreciation of the Canadian dollar, "will trigger startling productivity improvements over the next two years."

The FTA has been of great benefit to Canada. Canadian exports have increased by 5% since the FTA came into force. There has also been a reversal of Canada's investment picture from a net outflow of $2.5 billion in 1988 to a net inflow of $2.1 billion in 1991. Finally, through the FTA's dispute-settlement provisions, the Canadian position has been upheld in important cases such as pork, red raspberries and, most recently, non-mortgage interest/rules of origin.

On June 10, 1992, a package of information entitled the "Trade year in review" was distributed to members of the House of Commons Standing Committee on External Affairs and International Trade. Included in this material was the Free Trade Agreement situation report for 1991. This package is currently being mailed to all senators.

THE ECONOMY

REQUEST FOR RECONCILIATION OF ECONOMIC INDICATORS

(Response to question raised by Hon. Gildas L. Molgat on June 4, 1992)

The survey of business attitudes and investment spending, or Business Confidence Index, has been prepared by the Conference Board of Canada on a quarterly basis since 1977.

The Index is based on a confidential survey of chief executive officers of about 400 Canadian business organizations. The particular firms surveyed are chosen to

[Senator Murray.]

reflect the relative importance of different industries in total investment spending in Canada.

The index value in every quarter is determined by the number of positive responses to the following three questions (and then indexed to 1977 = 100):

— Over the next six months do you expect the financial situation of your firm to improve?

— Would you say the present is a good time to undertake expenditures to expand your plant or add to the stock of your machinery and equipment?

— Is your current level of operations close to, at, or above capacity?

ORDERS OF THE DAY

CIVILIAN WAR PENSIONS AND ALLOWANCES ACT

WAR VETERANS ALLOWANCE ACT

PENSION ACT

BILL TO AMEND—THIRD READING

Hon. John Lynch-Staunton (Deputy leader of the Government): I move third reading of Bill C-84, An Act to amend the Civilian War Pensions and Allowances Act, the War Veterans Allowance Act and the Pension Act and to amend other Acts in consequence thereof.

The Hon. the Speaker: It is moved by the Honourable Senator Lynch-Staunton, seconded by the Honourable Senator Marshall that the bill be read the third time now. Is it your pleasure, honourable senators to adopt the motion?

Hon. M. Lorne Bonnell: Honourable senators, I want to bring to your attention the fact that we had the minister with us here yesterday. He gave us a great explanation of why the bill was brought in the way it was.

Senator Stewart: It was a dismal performance.

Senator Bonnell: He also explained why the resistance group was added and why the government made the deliberate decision to cut them off retroactively. That is a government decision that they are prepared to stand by.

Senator Doody: Vote against it!

Senator Bonnell: We on this side of the house think he spoiled a lovely bill on behalf of the mariners by placing this issue in the same bill. It was a kind of poison pill that went along with that lovely bill we have all been seeking for several years. Apparently the government did this intentionally.

Why didn't the minister bring in a separate bill on March 22, when he apparently told those members of the resistance that they were to be cut off the list and need not apply any more because they would not be considered, and that the present applications were all to be cut off the list and were not to be processed? Why did he leave it until now, the last few days of the session this summer, to bring in this issue, tagging it on to this that we want so badly on behalf of the mariners? I guess it was an intentional decision by the government. Of course, he has to carry out the will of the government.

● (1510)

I would like to suggest, honourable senators, before we pass this bill on third reading, that we consider the possibility of amending the bill by deleting the section headed "resistance groups" beginning on page 10 and ending at page 12. If necessary, that section could form part of a separate bill, rather than have it spoil this beautiful bill that we have for mariners.

The Hon. The Speaker: It is moved by the Honourable Senator Lynch-Staunton, seconded by the Honourable Senator Marshall, that Bill C-84 be read the third time now.

In amendment, it is moved by the Honourable Senator Bonnell, seconded by the Honourable Senator Fairbairn:

> That Bill C-84 be amended by deleting the section headed "resistance groups" beginning at page 10 and ending on page 12.

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.

Senator Molgat: On division.

Motion in amendment negatived, on division.

The Hon. The Speaker: It is moved by the Honourable Senator Lynch-Staunton, seconded by the Honourable Senator Marshall, that this bill be read the third time now. Is it your pleasure, honourable senators, to adopt the motion?

Some Hon. Senators: Agreed.

Motion agreed to and bill read third time and passed, on division.

ELECTORAL BOUNDARIES READJUSTMENT SUSPENSION BILL

THIRD READING

Hon. William C. Doody: Honourable senators, I move the third reading of Bill C-67.

Hon. Richard J. Stanbury: Honourable senators, I spoke to this bill at second reading and I speak again at third reading because of the evidence that we received in committee.

You may remember that this is the bill to which the other place gave a total of twenty minutes for first, second and third readings, debate, committee consideration and passage. This bill seeks to delay the redistribution of seats in the other place for a period of up to 22 months. This redistribution, senators will remember, is required by the constitution to reconcile electoral boundaries with the results of the most recent decennial census. Senators will also remember that I raised questions as to the bill's constitutional legality, and also as to the justification for the bill in a policy sense. I will start with the constitutional issue. When I spoke at second reading, my expectation was that this bill was probably within the bounds of parliamentary jurisdiction. Still, I was anxious to have some expert analysis carried out for the Legal and Constitutional Affairs committee so that any concern could be relieved. I did feel that the lack of attention that had been given to the bill in the other place and the obviously important implications of the bill put the Senate in a position where it was obliged to give this bill careful consideration. In committee, we were fortunate in having as witnesses Mr. Graham Eglington, a well-known constitutional expert and former counsel to what is now known as the Joint Committee on Scrutiny of Regulations, and the Senate's Assistant Law Clerk, Mr. Mark Audcent, who prepared an opinion and left us with some of his associated notes on the bill. Both Mr. Audcent and Mr. Eglington were helpful in explaining the constitutional implications of Bill C-67 for the committee. As I understand it, the leaders of each of the parties in the other place have agreed that a suspension of boundary readjustment is needed to enable the recommendations of the Royal Commission on Electoral Reform and Party Financing, which we know as the Lortie Commission, to be considered and, if necessary, implemented.

As honourable Senators will know, the Lortie Commission's report, which was handed down in February, has made a number of recommendations, including proposals to amend the constitution, that would, if fulfilled, greatly affect redistribution. Thus, the purported motivation for the government in drafting this bill was the savings of time and expense to complete a process that would eventually be re-initiated when and if the Lortie recommendations were passed.

Our witnesses at committee expressed concerns about how the government explained the bill's purpose, and one of our witnesses questioned not only the explanation of the motivation, but the motivation itself. Mr. Audcent said:

> . . . the bill is a little bald on its face in that the reason for passing Bill C-67 is not shown on its face. [The committee] needed the evidence of the witnesses to advise you of the information regarding the Lortie Commission and the fact that you wish to take into consideration the recommendations of the Lortie Commission.

Graham Eglington agreed, and went much further. Eglington said that the arguments put forward by the government in favour of Bill C-67:

[Senator Stanbury.]

> . . . are not based on the life and death struggle of the country . . . nor on the divisiveness of electoral rearrangements in the current constitutional climate, not even on the imminence of improvements to the redistribution parcel of the Electoral Boundaries Readjustment Act.

Instead, as Eglington said:

> what is offered is simply that a royal commission has reported with recommendations that when studied further by a parliamentary committee might lead the government of the day to bring legislation into this parliament, or the next, which might affect either what is now provided for in section 51 of the Constitution or in the general statute law governing electoral redistribution.

Surely, honourable senators, there is no serious motivation in the premise for Bill C-67 demonstrated here, and thus, no justification for Bill C-67.

The assumption is that the Lortie recommendations, or at least some of them, will gain the favour of the government and be introduced under the rubric of electoral reform. The question is: how long would this take to implement—if they did decide that they are worthy of implementation and if they can agree on the specifics? Could it come into effect prior to the completion of the current process already initiated? That is not at all clear. We all know the inconsistent history of Royal Commission Recommendations with governments. Electoral reform could still take several years.

● (1520)

Even now the press has noted the problem. In an article by Stewart MacLeod in the *Winnipeg Free Press* on June 15 entitled: "Electoral reform light growing dim", Mr. MacLeod stated:

> Electoral reform in Canada has always presented difficulties for parliamentarians. For one thing, changes in the best interests of a governing party are not necessarily in the best interests of the opposition parties.
>
> In fact, they're probably not. And even among opposition parties, there are sharply differing views between the big and the small, the regional and the national.

I think the basic assumption behind Bill C-67, which is that the current process would be wasted because we will start another system soon, is highly questionable.

In his address, Senator Murray made the assertion that there is an ultimate deadline provided in the bill—one year unless an election is called in the interim; then 180 days after the writs are returned—because the process would automatically come back into force if there is no reform. Senator Murray described the bill as providing "a simple deferral", and consequently not being incompatible with the constitution. However, the constitution provides that after the completion of each decennial census, electoral boundaries "shall be readjusted by such authority, in such manner, and from such time as the Parliament of Canada from time to time provides."

The pertinent question here is: What does this clause mean? What does "after the completion" demand? Furthermore, to what extent is postponement allowed before it becomes *de facto* termination? When is a deferral no longer a deferral? When is a deferral an abuse of the spirit of the constitution? If the House of Commons were so disposed to introduce another suspension at the end of the period provided for in Bill C-67, would that then be too long to be in accord with the provisions of the constitution?

Senator Murray further down-played the time period in saying that it will only be one year unless there is an election. It is virtually certain that there will be an election during that time. It is also not unreasonable to suggest that there may be two elections during that time—given the apparent proclivity to minority governments we face.

During committee hearings, however, Mr. Eglington stressed the importance of the time period. Although he concluded that the time limit provided for in this bill is strictly legally acceptable, he better defined the provisions of the constitution and helped draw the line between Parliament's right to act and the citizen's right guaranteed by the process. Mr. Eglington said:

> I have come to the view that so far as the Constitution Act now stands, there is indeed a time limit on the carrying out of the readjustment work. The combination of the recurring nature of the decennial censuses embodied in the words "each decennial census" and the enshrining of proportionate representation principle . . . suggests some limit to the delay that can be forced upon the procedure.

He went even further in saying that he believes that the court would likely "declare [this limit] and possibly . . . enforce it". Moreover, Mr. Eglington said that an amendment to the constitution in 1943 used to suspend the readjustment process points out that "parliament was in some way limited in its ability to halt the machinery of readjustment indefinitely once the census was completed. There was a time frame Parliament could not touch." In other words, the phrase in the constitution providing for readjustment "on completion" of each decennial census did in fact provide a limit and that the 1974 suspension, which was mentioned by Senator Murray previously, proved and "reinforced" the "inexorability of the process of readjustment once the census results have come in . . ."

No one would say that "on completion" means instantly, but as Mr. Eglington pointed out, the process is intended by the constitution to begin and to be inexorable in nature. Mr. Eglington concluded that the delay provided for in this bill is not significant in terms of destroying the decennial readjustment cycle, but that there is a point at which a court would decide that such was the case. This point is important, honourable senators, so that future governments will be aware of the limits they face, and aware of the seriousness of the undertaking.

No one is suggesting that section 51 puts the matter beyond the authority of the Parliament of Canada. However, Senator Murray did tell honourable senators in this place that the government had no intention of amending the constitution with this bill. Nevertheless, one of our constitutional experts suggested that in fact this does have the weight of a constitutional amendment, and the another did not discount that possibility. Mr. Eglington said: "Section 51 [of the constitution] could be amended expressly or by necessary intendment." In the case of the present bill the intent is to override whatever timetabling requirements section 51 might, on its true construction, provide. Mr. Audcent went one step further, characterizing Bill C-67 as constitutional in nature because of the intimate relationship with section 51 of the Constitution.

Since Confederation, and particularly in the last 50 years, the statutory system has developed with a dual thrust toward regularization of timing of boundary realignments and the general transference of responsibility for the process to an external body.

Specifically, as Professor R.K. Carty suggests, the chief objective of the constitution and all relevant legislation "has been to remove from self-interested partisans the onus of initiating readjustments."

It goes without saying that the intention is not only to remove partisans from the decision to initiate, but also to delay readjustments. The point is to take the control for timing out of the hands of parliamentarians—so that they are predictable and not conducted at the pleasure of the government.

What Bill C-67 proposes, then, is to suspend the statutory time limits in place for the process of re-drawing these boundaries; essentially leaving ridings as they exist now for as much as two years longer than would otherwise be the case. Of course, the primary problem with this is that it already takes a long time to go through this process. The last census, conducted in 1981 and tabled in 1982, did not have its expression in the democratic chamber of our government until the 1988 election. In other words, the electoral boundaries were already based on information seven years out of date as a result of the lengthy process. Bill C-67 threatens to repeat or increase this period of time in a nation in which the population is constantly growing and shifting.

With that in mind, honourable senators, consider some of the divergence between the principle and the reality that already exist. Elections Canada has calculated that, on the basis of the 1986 interim census—already six years old—at least 25 ridings then exceeded the permissible population variances of 25 percent as defined in the statute's rules. A case in point is the riding of York North near my home in Toronto. York North now has over 233,000 people, while there are other ridings with one-tenth that population. Certainly this derogates from the principle intended by the Constitution and the statute. Bill C-67 will exacerbate the problem that we already face and further abuse the principle of proportionate representation protected by the constitution.

Since this bill was prompted by the Lortie report, I thought I should read over portions of this report again to look for any recommendation by Lortie that there be a delay in boundary

readjustment. I came upon the following statement, which, while it does not add to the rationale for the suspension, it does help make the argument against it. The report states:

> Equality and efficacy of the vote are fundamental objectives of an electoral democracy that aspires to the quality of representation that Canadians deem necessary for effective and legitimate representative governance.
>
> Relative equality in the number of voters in each constituency in a province is required not only to preserve the constitutional right that each vote be of equal value, but also because large variations in the size of constituencies tend to produce a legislature at significant variance with the distribution of the popular vote. Such occurrences undermine the legitimacy of Parliament and of the government.

Honourable senators, the concern for regular revisions of the electoral map stems from a basic commitment to fairness and to equity. Even though the fairness of boundary adjustment may not be simple or completely equitable, it is the system defined by the Constitution and delineated in statute and, as such, should be respected.

Again, Graham Eglinton's testimony before the Standing Senate Committee on Legal and Constitutional Affairs was instructive. He said:

> It is clear that a regularly adjusted representation . . ..is a root principle of our present parliamentary democracy. The integrity and independence of the system employed is clearly also very important. [Also] important for most people is the distribution and redistribution of electorates within a province and the fairness of the redistribution.
>
> There may be doubts as to whether mere population is the right basis for redistributing electorates . . . and there may be debate about allowable variances . . . but regular, systematic, fair and independent redistribution is regarded as the democratic norm. Given that, any interference with the regular cycle of readjustment and consequent redistribution is not to be enterprised upon lightly, wantonly or unadvisedly.

Honourable senators, my point to you today is just that: Bill C-67 is an attempt, albeit likely unintentional, to enterprise upon and to interfere with a root principle of our parliamentary democracy, lightly, wantonly, and unadvisedly. The justification offered, namely, the eventual implementation of the recommendations of the Royal Commission , is administrative convenience, pure and simple.

The reality is that this bill is asking us to accept a derogation from our system of democracy because there is a chance—and only a chance —of saving some money. Therefore, although this bill is within the constitutional purview of Parliament to amend, and the bill's proposed period of suspension appears to be constitutional, there are certain questions of constitutional propriety. In other words, although the strict question of whether it is or is not within the competence of the Parliament of Canada is answered in the affirmative, the question of constitutional propriety is left unresolved, and the merit of the bill from a policy perspective is answered in the negative, so much so that the bill is unjustifiable.

[Senator Stanbury.]

The bill has serious implications but has not had serious consideration by its sponsors and does not enjoy any serious foundation or justification. As a result, I am far from convinced that this is the appropriate way to govern this country or the appropriate signal to be sending to Canadians; Canadians who, after all, are seeking more influence in the decision-making process in this country. What would people say if they knew that their system of representation was about to be subverted by their representatives for the sake of a convenience that may never appear?

To conclude, honourable senators, I should repeat a question posed by Mr. Graham Eglinton before the Legal and Constitutional Affairs committee:

> How proper is it to interfere with the established rhythm of a basic part of our democratic and federal under-pinnings, not because specific proposals are now to be brought forward but because proposals unknown might be brought forward and might be carried by both houses?
>
> There is always a danger that administrative convenience becomes the highest law of the state and that the compliance of both houses in carrying whatever measures some government might choose to introduce is taken for granted.

I hope honourable senators will agree that this kind of misuse of the legislative process is one of the legitimate concerns of the Senate. Even though all parties in the other place accepted the bill as convenient for them, surely the Senate does not have to let itself be co-opted into approving a bill that, when looked at closely, does not meet the test of public interest. Bill C-67 has the effect of an amendment to the Constitution, but it has been carelessly entered into without a thought as to its implications. And for what purpose? Administrative convenience.

The Senate still has a duty to uphold the integrity of the Constitution and the rights of Canadians that are guaranteed therein. This bill seriously affects our citizens' rights to democratic representation. It is flawed from the perspective of constitutional propriety, and it is doubly flawed from a policy perspective. It would be most unfortunate for our democratic process if this bill were to become law. I therefore recommend that we vote to defeat this legislation.

Motion agreed to and bill read third time and passed, on division.

STATUS OF THE ARTIST BILL

SECOND READING—DEBATE CONCLUDED

On the Order:

Resuming the debate on the motion of the Honourable Senator Chaput-Rolland, seconded by the Honourable Senator Grimard, for the second reading of Bill C-7, An Act respecting the status of the artist and professional relations between artists and producers in Canada.

Hon. Royce Frith (Leader of the Opposition): Honourable senators, to use a particular expression from the artistic field, I have been between engagements for a few moments, at the invitation of the Deputy Leader of the Senate.

The short title of Bill C-7 is simply, "The status of the artist". There is a definition of the term "artist" in the legislation. I guess we all believe that we know what is meant by "artist" even without it, but had such legislation come before a Parliament, say, in the seventeenth century, the legislators would have had a much different notion of who was an artist. This bill, in fact, would have made very little sense to a Parliament of the seventeenth century.

The word "art" is derived from the Latin "ars" or, in the plural, "artes", meaning the skill or knowledge used to produce something. Prior to the eighteenth century, art referred not only to painting and sculpting but to any useful activity, be it agriculture, architecture, medicine or shoe-making. Although art has now taken a much different meaning, its traditions remain apparent in the word "artisan", which describes a skilled worker or mechanic.

Today when we talk of the arts, we are usually referring to the fine arts: painting, sculpture, literature, architecture, music and dance. There are also the liberal arts which, in the university context, describe the traditional disciplines of grammar, logic, rhetoric, arithmetic, geometry, music, and astronomy.

It is important to realize that the term "art" as used today, in the sense of the fine arts, had its genesis only during the Renaissance when, for the first time, artists were recognized and gained individual fame for their work. Therefore by recognizing the status of artists by way of this bill, we are not exactly in the forefront.

● (1540)

Until the time of the Renaissance, going back even to the days of Ancient Greece, painters and sculptors were little more than skilled toilers. They were slaves, and labourers of the lower classes engaged in shoemaking, painting, metal work and sculpting. Art, as thought of today, was reserved for displays of superior mental ability as seen in the pursuit of rhetoric and logic. It is no accident that Plato, Aristotle or even Thomas Aquinas had no contemporaries such as, for example, Michelangelo or Rembrandt. There were no artists of that status and of that category contemporary to Plato, Aristotle or Thomas Aquinas.

Art in the sense of aesthetics arose in the fifteenth and sixteenth centuries; during the Renaissance. It was then that the belief arose that the fine arts had a special quality, a beauty that separated them from the other arts. A new class of wealthy merchants, bankers and aristocrats began collecting things of beauty. They began competing with one another to see who could acquire and display the most beautiful paintings, fine books and even theatrical performances.

Senator Barootes: The popes were patrons of the arts.

Senator Frith: Yes, the popes were great patrons of the arts. Thank you, senator.

Artists were hired to create or compose works of art. It was during this period that the phenomenon of "patron of the arts"—anticipated by Senator Barootes—first arose. Wealthy monarchs and merchants encouraged and supported individual artists and artistic organizations in the pursuit of art.

I have begun my intervention in this way to emphasize that the notion of what is meant by the term "artist"—found in the title of this bill—has changed dramatically over the centuries, and also to point out that since the rise in prominence of the artist, the political class or ruling class has played a major role in supporting and promoting the arts.

To understand this legislation, one must appreciate what is meant by the term "artist" as it is used in this bill. Apart from the definitions, I offer you some references and quotes, honourable senators, about the word "artist".

Henri Bergson relates the artist to freedom.

> We are free when our actions emanate from our total personality, when they express it, when they resemble it in the indefinable way a work of art sometimes does the artist.

Edward Gordon Craig:

> That is what the title of artist means: one who perceives more than his fellows, and who records more than he has seen.

Joseph Conrad:

> But the artist appeals to that part of our being which is not dependent on wisdom; to that in us which is a gift and not an acquisition—and, therefore, more permanently enduring. He speaks to our capacity for delight and wonder, to the sense of mystery surrounding our lives: to our sense of pity, and beauty, and pain.

Thomas Sterns Eliot:

> The progress of an artist is continual self-sacrifice, a continual extinction of personality.

Abraham Harold Maslow:

> A musician must make music, an artist must paint, a poet must write, if he is to be ultimately at peace with himself. What a man can be, he must be.

Artists are not notoriously wealthy. Senator Chaput-Rolland pointed that out.

Anaïs Nin, I am sure ironically, said:

> Poverty is the great reality. That is why the artist seeks it.

Some of us accept, and might even underline, the fact that, after all, the choice of the way of an artist is the choice of the artist himself.

John O'Hara said:

> An artist is his own fault.

Honourable senators, turning to the bill, clause 5 provides that "artist means an independent contractor described in paragraph 6(2)(b)." Turning to that paragraph 6(2)(b), we find a very lengthy definition. It describes "authors of artistic, dramatic, literary or musical works"; directors of audiovisual works; performers, singers, reciters, directors or actors "in a musical, literary or dramatic work, or in a circus, variety, mime or puppet show." Finally, there is the catch-all paragraph that covers individuals who,

> . . . contribute to the creation of any production in the performing arts, music, dance and variety entertainment, film, radio and television, video, sound-recording, dubbing or the recording of commercials, arts and crafts or visual arts, and fall within a professional category prescribed by regulation.

This is quite a list of individuals, even taking into account the removal from the original bill, for some reason, of the reference to choreographers.

I began by saying that all of us believe we know what is meant by the term "artist". I cannot imagine, however, that most of us would have come to mind dubbers of television commercials when speaking of the artistic community; but neither would we think of cobblers and stone masons. The fact of the matter is that technology has pushed outward the parameters of artistic endeavours, and Bill C-7 takes this into account.

It is important to remember that this legislation does not confer the status or title of "artist" on anyone. It simply provides that independent contractors engaged in certain activities and who are determined to be professionals are covered by the act. The main tangible advantage of being covered is the right to form associations for collective bargaining purposes, even though the members are not employees. By virtue of clause 9(2), such associations will be exempt from prosecution under the Competition Act. But I am delving into detail now when what I want to do is examine this legislation in a more general way.

Again I emphasize that when Bill C-7 speaks of artists, it is not limited to artists in the traditional pursuits of painting, sculpture and classical theatre. Virtually every activity in the cultural community is capable of finding a place in this legislation. I salute the legislation for that fact.

The second aspect I want to examine is the role of government in the cultural community. As I mentioned, when art, as we now understand it, gained prominence during the Renaissance, it was supported and its development encouraged by the ruling political class of the day.

[Senator Frith.]

In 1989, the House of Commons Subcommittee on the Status of the Artist examined the relationships existing between the artist, society and government. In its report of November 1989, the first topic discussed was "The Role of the Federal Government." I qoute from page 1:8:

> A confident, mature society has an obligation to nurture its identity. It also has a responsibility to support its artists who play a large part in cultivating and reflecting that identity.

The committee's first recommendation was:

> Recognizing the important role that artists play in the development of our Canadian identity, culture and economy, and the unique conditions of work affecting them, that the federal government improve the socio-economic condition of Canadian artists by adapting legislation and programs to the real circumstances of artists, thereby enabling them to assume their full role and contribution in society.

Bill C-7 provides us with the legislation called for in the report. We must recognize that while it is an important step, the programs called for by the subcommittee are still wanting.

When artists become commercial they lose a little bit of their artistic creativity and those at the edges constantly struggle with funding. Senator Solonge Chaput-Rolland mentioned yesterday how only a small portion of the members of the artistic community can live off their artistic endeavors. In 1990, members of ACTRA, the Association of Canadian Television and Radio Artists, earned from their work as performers and writers an average of $8,540. Professional artists are among the lowest paid workers in society. In 1988, self-employed artists earned approximately $16,000.

It is important to have legislation such as Bill C-7, which recognizes the unique and important role of artists in society. But it is just as important for Canadians, through their governments, to support the arts materially. During the Renaissance, artists relied on the patronage of their sponsors. In Europe today governments are very active patrons of the arts. We should demand no less of our governments.

Some may have heard a report on the CBC earlier this week about the amount of money the Italian government is providing for a partial repair of damage to the walls around the city of Urbino. Many will know that in a certain period in Italian history Urbino was an important cultural centre. In fact, there are many portraits of the Duke of Urbino, who was a great patron of the arts. The report on the CBC mentioned the stunning range and number of churches, memorials, public sculptures and art galleries that depend on the Italian government. The total cost for the repair of this one wall is going to be approximately $15 million. They are going to take one-tenth of their total budget to partially repair it.

I mention this only to say that those of us who enjoy the cultural ambience of many of these cities in Europe, who comment to each other about the feeling one has of being surrounded by generations and centuries of creative, artistic and beautiful works of art, know that these things cost money. We are taking a first step in that direction here.

I believe that, as we come to the closing years of the twentieth century, government has a much larger role than merely protecting its national borders from external enemies and protecting its citizens from criminals. The basic object of government must be to make life as rich and enjoyable as possible for its citizens. Government has, however, tended to focus almost exclusively on the economic wellbeing of the population. Art is considered a frill. Cultural matters are considered a frill, something that can be looked after when all economic problems have been solved. But, just as individuals have hearts and souls that must be nurtured, so does the community at large and so does a country. As a country, we rank among the very richest in the world in economic terms, but what have we accomplished as a nation, if Canada's cultural heart is not strong enough to sustain the whole?

I believe that it is safe to say that the belief that art is some sort of frill, something secondary, tertiary or even further away from the important things of life, is the common belief that has, over the years, tended to inhibit progress in art in Canada and thereby the enrichment of our culture.

Not too long ago, for purposes other than this, I was reading a piece called *The Birth of Tragedy* by Nietzsche, which is from *The Spirit of Music*.

Senator Lynch-Staunton: Were you reading it in the original?

Senator Frith: I was not reading it in the original, no.

Senator Lynch-Staunton: Oh, it is very, very good.

Senator Frith: I was reading it from the Modern Library giant, *The Philosphy of Nietzsche*. I was reading it, not really for the purpose of going back to the philosophy of Nietzsche but because of a work of music that a friend was considering composing based on this.

Nietzsche was alternatively friendly and not so friendly to Wagner. The Wagner family had taken him in as a young man, but their correspondence was not always happy; in this case, however, he writes a foreword to Wagner about this piece. He says that some people might think that he is taking too seriously this whole question of art. He says:

> Perhaps, however, this same class of readers will be shocked at seeing an esthetic problem taken so seriously, especially if they see in art nothing but a merry diversion, an easily dispensed-with tinkling accompaniment to the "seriousness of existence": as if no one had any idea of the meaning of the opposition implied. These earnest ones may be informed of my conviction that art is the highest task and the proper metaphysical activity of this life . . .

It is because art is much more than a mere frill that some of us grow concerned whenever we hear, in the ongoing constitutional discussions, proposals to transfer to the provinces all jurisdiction over culture. I recently read that even some members of the artistic community in Quebec are balking at this proposal, fearful that funding from the provincial government could not match what is now available from the federal and provincial governments combined.

● (1600)

Quite apart from this question of funding, it seems to me that the abdication by the federal government of any role in the culture of our country can result in nothing but spiritual impoverishment. Unfortunately, there are no statistics available on the cultural poverty level as opposed to the economic poverty level.

On the subject of responsibility, I read an interesting article by Senator Chaput-Rolland in a publication entitled, "The Network". She wrote:

> It would be completely wrong, in my view, to allow the government of Quebec to assume responsibility for culture in all of its manifestations. The supporters of Quebec sovereignty would like Radio Canada, the Canada Council, the National Film Board, the CRTC and even the Museums Association to come under the control of Quebec. As long as Canada remains a country, lacking in national unity but assured of its continued existence, it is essential that the Canadian government maintain its cultural initiatives, but without encroaching upon constitutional areas of provincial jurisdictions.

Further on in the same article she stated:

> While it seems imperative to me that Quebec remain the "master" of its culture within its own territory, it seems equally vital that Quebec accept the Canadian government's participation in all the cultural tools which still bind this country together from sea to sea.

Of course, I agree. Not only must the federal government retain jurisdiction, it must not be hesitant in exercising it.

Honourable senators, as I have said, Bill C-7 is a good start insofar as it recognizes the special role played by the artistic community in every part of the country. It is an important landmark, not just because of its provisions, but because the country, the community, society and the legislative institutions in society are recognizing the "status of the artist".

That is an important and historic statement by the people of this country. Of course, that recognition must be matched by a commitment from the government, as I believe this is, to support with adequate fundings the health of that community, not only for the sake of the artistic community but, I believe, for the sake of the country.

Honourable senators, I enthusiastically support the passage of this important piece of legislation.

Some Hon. Senators: Hear, hear!

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

The Hon. the Acting Speaker: When shall this bill be read the third time, honourable senators?

On motion of Senator Chaput-Rolland, bill referred to the Standing Senate Committee on Social Affairs, Science and Technology.

CRIMINAL CODE

BILL TO AMEND—SECOND READING—DEBATE CONCLUDED

Hon. Mabel M. DeWare moved second reading of Bill C-49, to amend the Criminal Code (sexual assault).

She said: Honourable senators, I am pleased to move second reading of Bill C-49, an act to amend the Criminal Code (sexual assault).

This bill has been the subject of a great deal of media attention and interest. Some of that interest may simply be a function of the subject matter of the bill. Sexual norms and aberrations over the centuries have provided a great scope for merriment and ample fuel for controversy.

At the same time, one must recognize and greatly respect the genuine concerns which have been raised in the press and elsewhere about the bill's potential to have a detrimental impact on ordinary sexual behaviour. However, I am convinced that every one of those concerns is fully answered by a proper understanding of the bill, as amended in the House of Commons, and an appreciation of Bill C-49's inherent fairness, balance and common sense.

Bill C-49 is not an attempt to redefine sexual behaviour, or to reform the sexual relationships of ordinary Canadians —I should add "thank God", I suppose. With its roots firmly planted in society's accepted sexual values, it reaches flexibly to guide the judiciary in its task of assessing an infinite variety of situations.

Bill C-49 is a direct response to the Supreme Court of Canada's decision in *Regina v. Seayboyer* and *Regina v. Gayme* which struck down section 276 of the Criminal Code, commonly referred to as the "rape shield" provision. The Supreme Court held that section 276 overshot the mark in protecting complainants. Section 276 had the potential to exclude evidence relevant to the defence and was therefore a violation of sections 7 and 11(d) of the Charter.

I would emphasize that the Supreme Court of Canada's decision acknowledged and, in fact, supported the underlying philosophy and purpose of the rape shield provision. However, the court found the old rape shield provision to be inadequate in its balancing of the complainant's interests and the accused's right to present a full answer and defence.

Bill C-49's amendments have adjusted the balance to properly protect the accused's right to present a full answer and defence, while also reflecting the underlying rape shield philosophy as recognized and respected by the Supreme Court of Canada.

In a nutshell, Bill C-49 deals with three key issues regarding sexual assault. They are the admissibility of evidence of a complainant's sexual history; the notion of "consent" to sexual activity; and the defence of honest belief and consent.

Bill C-49 also includes the unique feature of a preamble to highlight the importance of the philosophy and purpose of the amendments. The preamble will not become part of the Criminal Code itself, but will remain on record in the statute books as an outline of Parliament's intention and purpose. That record will be invaluable to the courts not only in the task of interpreting and applying the amendments, but also in the event of a challenge to the amendments under the Canadian Charter of Rights and Freedoms.

In the preamble, the government expresses its grave concern about the incidence of sexual violence and abuse in our society and, in particular, about the prevalence of sexual assault of women and children.

We recognize that sexual assault is unlike any other crime. The trauma of sexual assault and the fear of becoming a sexual assault victim have an immeasurable and pervasive impact on daily life. The preamble expresses our conviction that sexual assault must be reported to the police and our laws must encourage this.

The preamble also addresses the driving issue behind this bill which is the admissibility of evidence of the complainant's sexual history. As the Supreme Court recognized in the *Seaboyer and Gayme* cases, such evidence is rarely relevant to the issues to be decided in the trial, and has a strong tendency to sidetrack the search for the truth. However, there will be situations where such evidence is essential to the accused's defence and must be admitted. The provisions of the bill will ensure that the issue of admissibility is carefully scrutinized on a case-by-case basis.

In the body of the bill itself, this careful balancing process, relating to the admissibility of evidence of the complainant's previous sexual activity, informs the following amendments: A general provision stating that evidence that the complainant has engaged in sexual activity with any person is not admissible to support the inference that the complainant was more likely to have consented or is less worthy of belief; a new test for admissibility providing that evidence of sexual activity of the complainant with any person is not admissible unless it is specific, relevant to an issue to be proved, and its probative value is not substantially outweighed by the danger of prejudice to the proper administration of justice; a series of factors to be considered by the judge to assist in the determination of admissibility; and detailed procedural provisions and protections for the complainant's privacy, including the following requirements:

The hearing, to determine whether the evidence will be admissible, must be held *in camera*. The complainant will not be a compellable witness at that hearing, although he or she may testify if he or she so wishes. There is to be a ban on publication of the contents of the application to adduce sexual

history evidence, the evidence and representations at the hearing into admissibility, and the judge's reasons ruling such evidence not to be admissible. If the judge rules that evidence to be admissible, the judge would have a discretion to order that his or her reasons may be published. These protections are essential in order to protect victims from embarrassment, to preserve their privacy and dignity and to encourage their cooperation in prosecutions.

● (1610)

A great deal of attention has been focused on the provisions of Bill C-49 dealing with the definition of consent and the defence of honest belief in consent. With respect to consent, it is important to remember that consent is the feature which distinguishes acceptable sexual behaviour from sexual assault. The offence of sexual assault is by definition without the consent of the complainant. As in every criminal trial, the crown in a sexual assault trial must prove beyond a reasonable doubt each element of the offence, including the complainant's lack of consent.

Bill C-49 will provide for the first time a statutory definition of consent for the purpose of sexual assault offences. In addition, it will set out certain situations where, as matter of law, there is no consent. Bill C-49's definition of consent and its exclusions from consent simply express common sense and uncontrovertible propositions about acceptable human sexual behaviour. Consent is defined as the voluntary agreement of the complainant to engage in the sexual activity in question. The provision, 273.1, also states that:

(2) No consent is obtained . . . where

(a) the agreement

— to engage in the sexual activity in question—

is given by someone other than the complainant;

(b) the complainant is incapable of consenting to the activity;

(c) the accused induces the complainant to engage in the activity by abusing a position of trust, power or authority;

(d) the complainant expresses, by words or conduct, a lack of agreement to engage in the activity;

This has been called the "no means no" provision.

(e) the complainant . . . expresses, by words or conduct, a lack of agreement to continue in the activity.

These provisions give specific recognition in the Criminal Code to the fact that, in certain circumstances, there can be no genuine consent. Bill C-49 also expressly states that the list of situations in which no consent is obtained is not exhaustive. There will be other situations in which the law will find consent not to exist.

Bill C-49 also addresses the defence of mistaken belief in consent. Note that the defence of mistake of fact arises only when the complainant in fact did not consent. Under the current law, the accused may offer the defence that, despite the complainant's lack of consent, the accused at the time honestly but mistakenly believed the complainant to have consented. The accused's mistaken belief need not have been reasonable in order for the accused to be acquitted.

This common law principle has been widely criticized and the proposed amendments would clarify the defence by disallowing it where the accused's mistaken belief arises from the accused's self-induced intoxication, or where the accused's belief arose from the accused's recklessness or wilful blindness. These provisions would simply put into the Criminal Code the prevailing common law.

The amendments would also place a restriction on the defence of mistaken belief in consent as it has evolved in the common law. Under Bill C-49, the defence of mistaken belief in consent will not be allowed unless the accused took reasonable steps, in the circumstances known to the accused at the time, to ascertain that the complainant was consenting.

The "reasonable steps" provision strikes the appropriate balance, not only punishing behaviour which society considers to be morally offensive but also allowing the genuine mistaken and morally innocent accused to go free on criminal liability.

What will constitute reasonable steps will vary from case to case. The legal concept expressed in the word "reasonable" is well known and will adapt itself to each individual situation. The amendment adds the phrase "in the circumstances known to the accused at the time" to further ensure that the sufficiency of the accused's inquiry as to consent is tested according to the facts as the accused knew or thought them to be. The accused is not required to act on the basis of information or knowledge that he or she did not have.

Furthermore, the burden of proof beyond a reasonable doubt remains with the Crown, as on every other issue. If there is any doubt as to whether the accused who relies on a defence of mistaken belief in consent took "all reasonable steps in the circumstances known to the accused at the time," that doubt will resolve in favour of the accused.

In conclusion, honourable senators, I ask that you join me in supporting Bill C-49 as expressing and reflecting Parliament's commitment to a sexual assault law which respects the rights of all people, whether victim, accused or an ordinary member of society. I suggest to you that Bill C-49's articulation of the crucial and delicate balance of these various rights is a truly historic achievement.

Hon. Joan Neiman: Honourable senators, as Senator DeWare has just pointed out, Bill C-49 deals with three fundamental issues regarding the criminal offence of sexual assault and their applicable procedures. They are the definition of consent, the defence of honest but mistaken belief in consent, and the admissibility of evidence concerning the past sexual history of the complainant.

In doing so, Bill C-49 has sought to preserve a fundamental principle of the criminal justice system, namely, the right of the accused to have access to a legitimate and full defence. At

the same time it has sought to address the obstacles faced by victims of sexual assault in the criminal justice system.

In other words, Bill C-49 represents an attempt to balance the interests of the accused in a fair trial with the interests of the victim not to be placed under unfair scrutiny. It also addresses the flaws which the Supreme Court of Canada found to be objectionable in the previous rape shield provisions of the Criminal Code.

Needless to say, there has been a great deal of interest in this bill from the time it was tabled in the other place by the Minister of Justice. Many witnesses were called by the legislative committee studying the bill and various serious objections were made to certain provisions in the original bill.

The Minister of Justice introduced some amendments at the committee stage in the other place that met some of the most serious objections of the Canadian Bar Association and the Canadian Civil Liberties Association, but apparently some individuals and groups are still not entirely satisfied with Bill C-49, even as it is amended today.

Some of the more controversial provisions were—and still are—the definition of consent on the part of the victim; the elements of honest but mistaken belief on the part of the accused that such consent was obtained; and the extent of publication of details regarding the trial.

Since we have very little time left before this session is supposed to adjourn, I should like to reserve any further comments until after the bill has received second reading and has been considered by the Legal and Constitutional Affairs committee. There we hope to obtain an up-to-date appraisal of the amended version from at least a few interested parties.

As far as I am concerned, the bill represents a vast improvement over the present state of the law, but it would be preferable to receive reassurance that it does not appear to be liable to further serious Charter challenges as it is presently drawn.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

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

On motion of Senator DeWare, bill referred to the Standing Senate Committee on Legal and Constitutional Affairs.

• (1620)

CRIMINAL CODE

BILL TO AMEND—SECOND READING—DEBATE CONCLUDED

On the Order:

> Resuming the debate on the motion of the Honourable Senator Balfour, seconded by the Honourable Senator Keon, for the second reading of Bill C-70, to amend the Criminal Code (jury).

[Senator Neiman.]

Hon. Royce Frith (Leader of the Opposition): Honourable senators, in Bill C-70 we are being asked to speedily pass a piece of Criminal Code reform legislation in order to fill a legislative void left as a result of a Supreme Court decision. This is not a totally unusual experience. Certainly, it is not the first time that a government—and this government—has been prodded into action by the Supreme Court.

The most recent example occurred in May 1991, when the Supreme Court handed down its decision in the *Swain* case. The court found that a central provision of the Criminal Code dealing with persons found not guilty by reason of insanity was contrary to the Charter rights of fundamental justice and freedom from arbitrary detention.

The court prescribed a period of temporary validity of six months, which ended on November 2, 1991. Bill C-30, the bill designed to rectify that situation, was not introduced in the Senate until November 26, 1991, well past the deadline. Fortunately, the court extended the deadline to February 1992. Bill C-30 finally received Royal Assent on December 13, 1991.

Bill C-49, which we have just referred to committee, is another bill designed to fill a legislative gap left by a Supreme Court ruling. In August 1991, the Supreme Court handed down its decision in the *Seaboyer* and *Gayme* cases, which struck down the so-called "rape shield" provisions of the Criminal Code. These were the sections that dealt with the use of previous sexual history in sexual assault cases.

Bill C-49, the government's legislative response to that decision, was introduced in the other place only four months later, on December 12, 1991. It has taken another six months to get that bill to the Senate.

Today, we are being asked, once again, to pass legislation before an existing law becomes null and void.

The background to this bill, as outlined also by Senator Balfour, whom I compliment for his presentation to us, is the January 23, 1992, ruling of the Supreme Court in the *Regina v. Bain* case. The court ruled that certain provisions of the Criminal Code governing the jury selection process infringed on an accused person's Charter rights to the presumption of innocence and to a fair and public hearing by an independent and impartial tribunal. In the jury selection process, the court concluded that the Crown had an unfair advantage. The court gave Parliament six months to enact legislation to fill the void left by its decision.

That six-month period is up on July 23, a little over one month from now.

The Supreme Court ruling was not the first call for a more equitable jury selection process. In 1982, approximately 10 years ago, the Law Reform Commission of Canada, an agency whose valuable studies and reports we will no longer have the benefit of since it was axed in the most recent budget, produced a report entitled "The Jury." Ten years ago that report

called for reforms similar to those contained in this bill. The Law Reform Commission of Canada is to disappear under the Government's recent budget. Perhaps it is a natural Conservative—maybe congenital—dislike for the word "reform". In any event, this government and the previous government did not implement the Law Reform Commission's report, but Bill C-49 and Bill C-70 are doing so.

Actually, I was wrong when I said that nothing had come from the Law Reform Commission's report, because there was Bill C-19, a criminal law reform package which had included provisions for the jury selection process, but it went nowhere after its introduction in the other place on February 7, 1984.

This government did not have to wait for the Supreme Court to rule the provisions unconstitutional. It could have adopted long ago the recommendations found in the Law Reform Commission's report, but that was not done.

As we all know, the right to be tried by an independent and impartial jury is guaranteed in the Charter of Rights and Freedoms. In order to ensure this right is not abrogated, we have certain laws set out in the Criminal Code which determine the selection of a jury.

To understand this legislation, one must understand the jury selection process. When an accused chooses to be tried by a judge and jury, a panel of 15 or 20 jurors is assembled by the Sheriff. They sit out in the body of the court. The members of the panel are then chosen by drawing names from a box that the Clerk of the Court usually has in front of him in his position just beneath the judge. As each potential juror comes forward, the accused, through his or her lawyer, either accepts the person as a juror, or challenges his or her ability to provide an independent and impartial hearing. As Senator Balfour pointed out, that is called "challenging", and in that case challenging for cause—in other words, for a reason. That reason has to be demonstrated. The accused can challenge any number of potential jurors for cause on grounds specified in the Criminal Code. In other words, when there is a challenge for cause, it is based on certain reasons set out in the Criminal Code for establishing that cause to have that juror disqualified.

The accused can also challenge a potential juror peremptorily, that is, without any reason at all. However, the number of peremptory challenges the accused is entitled to is limited; it ranges from four to 20, depending on the severity of the offence.

When the accused indicates acceptance of a person as a juror, it becomes the Crown's turn to determine that person's acceptability. It then has its turn to do the same thing as the accused has done. The Crown can challenge any number of potential jurors for cause, but it is entitled to only four peremptory challenges, regardless of the severity of the offence.

The Crown, however, has an additional tool over and above those of the accused. The Crown has the right to "stand aside" a potential juror, or, as it is referred to in Bill C-70, the right to "stand by".

I and Senator Balfour probably always remember it as "stand aside". I can also remember "stand down" being used sometimes. I must say that the new expression "stand by" is a little more accurate, or more meaningful and communicative, than either "stand aside" or "stand down", because, in effect, the person who is "stood aside" more accurately "stands by".

The "stand aside" allows the Crown to postpone the consideration of a person as a prospective juror. When a prospective juror is stood aside, he or she goes to a separate place in the courtroom while the next person's acceptability as a juror is determined. The Crown may direct up to 48 jurors to stand aside. Those stood aside will only be considered again if a full jury cannot be selected from the panel of potential jurors. At this point those people would be recalled for consideration. This ability to "stand aside" up to 48 potential jurors gives the Crown a significant advantage in the jury selection process because, as I recall it, the accused has no such right.

Bill C-70 does something about this. It addresses three imbalances in the jury selection process.

1. Under the present system, the accused is the first to examine each prospective juror in determining that person's acceptability as an independent and an impartial juror. Bill C-70 would require the accused to declare whether the first juror was challenged for cause or peremptorily, or accepted. For the remaining jurors, the Crown and the accused would be called upon alternately to examine each juror. Senator Balfour referred to this in his intervention yesterday.

2. The next imbalance the bill deals with is that created by peremptory challenges. Currently the accused is entitled to 12, 20 or 14 peremptory challenges depending upon the nature of the charge or the maximum penalty available; however, the Crown is entitled to only 4 such challenges.

Bill C-70 would put the Crown and the accused on equal footing by providing for an equal number of peremptory challenges to both sides. Where the accused was charged with treason or murder, they could each challenge 20 jurors. Where the charge carried a possible prison term of more than five years, the Crown and the accused could each challenge 12 jurors. In any other case, it would be 4 jurors.

3. The final imbalance is the one found to be in violation of the Charter by the Supreme Court. It deals with the "stand by" or "stand aside" of prospective jurors, a right which only the Crown has. Bill C-70 would eliminate this provision, thus prohibiting either party from standing by any jurors. Since only the Crown can now ask potential jurors to stand aside, its elimination will benefit an accused who chooses trial by judge and jury.

Honourable senators, this bill received speedy passage in the other place. It was supported by all parties at second reading, in committee, and at third reading. We on this side will certainly not be refusing support of Bill C-70 at this time.

One concern expressed in the House of Commons was that the bill does not deal with the issue of representation on juries. In our multicultural society, the question is whether we should

be concerned with representation of various segments of that society on jurors. I believe we should be concerned with the result, but I have some concern about the suggestion that the representation should be guaranteed systematically.

Personally, and I say "personally", I think it should not. It is another form of, it seems to me, what is called "corporatism". It is reflected, for example, in some legislative institutions including, I believe, the Senate in Ireland, and has been proposed for our Senate. It is the practice of guaranteeing seats for certain groups. It reflects the rise of group rights in our and other societies. Often these group rights are expected to override individual rights. Therefore, I have some doubts as to whether it is a good idea to guarantee representation by groups in any institution.

That is an easier position to take now than it used to be because, for many years, someone in my position and others in the Senate could certainly be accurately characterized as members of a majority. But Canada no longer consists of a majority with some minorities: It consists of a group of minorities.

There would also be the difficulty that attends the administration of any such principle. It can be done if it is felt that the social and political objective merits it. But, as it might be applied to the selection of juries, I can see it causing some difficulties. However, that area could be examined by our committee, if not now, on another occasion.

Honourable senators, those are my preliminary reactions to that principle, so it may be that I could be convinced that I am overlooking its desirability and the ease with which it could be implemented.

In any event, I would not expect The Standing Senate Committee on Legal and Constitutional Affairs to examine such an important principle before reporting on this bill, but it might consider studying the principle at some later time because it is, I believe, one that will be before us for implementation in various ways as a part of the increased popularity of the enforcement of group rights.

With those closing musings, honourable senators, I recommend that this bill be now read a second time and referred to 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?

On motion of Senator Balfour, bill referred to the Standing Senate Committee on Legal and Constitutional Affairs.

ENERGY EFFICIENCY BILL

SECOND READING—DEBATE CONCLUDED

On the Order:

Resuming the debate on the motion of the Honourable Senator Robertson, seconded by the Honourable Senator Grimard, for the second reading of Bill C-41, An Act respecting the energy efficiency of energy-using products and the use of alternative energy sources.

[Senator Frith.]

Hon. Dan Hays: Honourable senators, Bill C-41 was spoken to by Senator Robertson who outlined the general provisions contained in it.

The bill fulfils a federal government commitment to the provinces made in meetings between federal and provincial ministers in 1989 and 1990 to establish energy efficiency standards that would be consistent across the country. Both Ontario and British Columbia have enacted energy efficiency legislation while Nova Scotia and Quebec are in the process of developing similar regulations.

The bill will eventually cover all products whose energy use is sufficiently great to justify their regulation. Some products, such as automobiles, are covered by separate legislation.

The bill represents a change of policy for the government. Federal funding of energy conservation and renewable energy activities has dwindled from about $500 million in 1984 to a mere $30 million in 1990-1991.

In 1984, the Conservative government eliminated the National Research Council's energy division. This division conducted research into alternative forms of energy sources such as solar, wind and fusion power. Programs to assist people to insulate their homes, to inform consumers about the energy efficiency of home appliances, and to advise industries on how to reduce energy consumption, were all terminated.

Between 1985 and 1987, the National Conservation and Alternative Energy Initiative spent an average of $150 million per year. This program replaced the program that preceded it. That resulted in an average yearly budget of $400 million. The solar energy development program, originally established in 1985, was ended in 1988. The program had been successful in reducing the cost of solar technology by 25 per cent in the industrial and commercial sectors and by as much as 60 per cent for residential hot water systems.

Of a total budget of $1.951 billion in the Department of Energy, Mines and Resources in 1987, 5.4 per cent went towards research and development expenditures for energy efficiency and renewable research. In 1991-92, that department's total budget fell to $970 million, while research and development expenditures for energy efficiency and renewable research deteriorated to 3.6 per cent of the total budget.

• (1640)

Canada's National Action Strategy on global warming, announced November 1990, found that the lack of improvement in energy use per capita and energy use per gross domestic product unit was directly attributable to the abandonment of energy efficiency programs in the mid-to-late 1980s.

Honourable senators, I could go on with respect to the details of the bill. However, let me generalize at this time by

stating that this bill is a step forward. I welcome this step forward on the part of the government. I am critical of the government's abandonment of energy efficiency through spending on R&D, which is not simply spending, but rather investing in more efficient ways of using energy that I think are extremely important. In fact the Minister of the Environment, appearing before the Standing Senate Committee on Energy, the Environment and Natural Resources yesterday, having just returned from the Rio UNCED Conference, was talking about the importance of developed countries like Canada having the technology to export to developing countries. That particular trade dynamic is something that Canada must rely on to continue to have the economic activity it needs to maintain its standard of living. Well, those past failures from 1985 through to the present and the continuing failure now, in terms of spending on R&D for energy efficiency, do not match that kind of concern on the part of the Minister of the Environment.

In any event, this legislation provides a necessary incentive and a necessary way of measuring our improvement in terms of energy efficiency. I support the bill and would recommend that it receive second reading at this time and be referred to the Standing Senate Committee on Energy, the Environment and Natural Resources.

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?

On motion of Senator Robertson, bill referred to the Standing Senate Committee on Energy, the Environment and Natural Resources.

MR. BORIS YELTSIN

PRESIDENT OF RUSSIA

ADDRESS TO MEMBERS OF THE SENATE AND OF THE HOUSE OF COMMONS

Hon. John Lynch-Staunton (Deputy Leader of the Government) moved, pursuant to notice of June 17, 1992:

> That at 10:30 a.m. tomorrow, Friday, 19th June, 1992, the Speaker shall interrupt the proceedings to permit Honourable Senators to attend the Joint Address by Boris Yeltsin, President of Russia, to be delivered in the House of Commons Chamber; and
>
> That the Address of Mr. Yeltsin, together with all introductory and related speeches, be printed as an Appendix to the *Debates of the Senate* of that day.

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

Hon. Senators: Agreed.

Motion agreed to.

MOTOR VEHICLE SAFETY BILL

CONSIDERATION OF REPORT OF COMMITTEE—ORDER STANDS

On the Order:

Consideration of the Seventeenth Report of the Standing Senate Committee on Legal and Constitutional Affairs (Bill S-8, An Act to regulate the manufacture and importation of motor vehicles and motor vehicle equipment to reduce the risk of death, injury and damage to property and the environment—with certain amendments), presented in the Senate on 17th June, 1992.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, I believe that our colleague, Senator Graham, who was on the committee, wishes to say a few words on this report. However, he is attending a committee at the moment.

Order Stands.

The Hon. the Speaker: Honourable senators, pursuant to rule 136(8), I interrupt the proceedings. The Senate will now adjourn during pleasure to await the arrival of the Honourable the Deputy of His Excellency the Governor General.

The Senate adjourned during pleasure.

ROYAL ASSENT

The Honourable Peter deC. Cory, Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy 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 Deputy Speaker, the Honourable the Deputy Governor General was pleased to give Royal Assent to the following bills:

> An Act relating to the accounting of certain payments for the servicing and reduction of the debt of Canada (*Bill C-21, Chapter 18, 1992*)
>
> An Act respecting the control of government expenditures (*Bill C-56, Chapter 19, 1992*)
>
> An Act respecting corrections and the conditional release and detention of offenders and to establish the office of Correctional Investigator (*Bill C-36, Chapter 20, 1992*)
>
> An Act to amend certain Acts with respect to persons with disabilities (*Bill C-78, Chapter 21, 1992*)
>
> An Act to amend the Criminal Records Act and other Acts in consequence thereof (*Bill C-71, Chapter 22, 1992*)
>
> An Act to amend the National Parks Act (*Bill C-59, Chapter 23, 1992*)
>
> An Act to amend the Civilian War Pensions and Allowances Act, the War Veterans Allowance Act and the Pension Act and to amend other Acts in consequence thereof (*Bill C-84, Chapter 24, 1992*)

An Act to suspend the operation of the Electoral Boundaries Readjustment Act (*Bill C-67, Chapter 25, 1992*)

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 GOVERNMENT

RECORD OF GOVERNANCE—NOTICE OF INQUIRY

Leave having been given to revert to Notices of Inquiry:

Hon. Royce Frith (Leader of the Opposition): Honourable senators, I give notice that on Monday next, June 22, 1992, I will call the attention of the Senate to the disastrous record of the Conservative Government.

NATIONAL FINANCE

THE "BIG LIE"—NOTICE OF INQUIRY

Hon. Royce Frith (Leader of the Opposition): Honourable senators, I give notice that on Monday next, June 22, 1992, I will also call the attention of the Senate to this government's "Big Lie"—that is in quotes, of course, otherwise it would be unparliamentary—about the federal deficit.

Those are two nasty gauntlets. I wanted to give everyone due opportunity to change their plans, had they not intended to be here on Monday.

SPECIAL JOINT COMMITTEE ON A RENEWED CANADA

CONSIDERATION OF REPORT—DEBATE CONTINUED

On the Order:

Resuming the debate on the consideration of the report of the Special Joint Committee on a Renewed Canada, dated 28th February, 1992 (Sessional Paper 343-416A).

Hon. Dan Hays: Honourable senators, I will be happy to stand down when Senator Lynch-Staunton returns. If your honour would signal me when that occurs, I will be pleased to do that.

My speech is rather lengthy because I am trying to put a lot of detail regarding Senate reform before the Senate. I will now continue with my remarks. If there are questions or if people feel that my remarks prompt some remark in return, please feel free to interrupt me.

I was about to deal with the method of election of Australian senators. Just to remind honourable senators, I was using the Australian system as a good starting point for consideration for Canadian Senate reform, and I was describing the single transferable vote, which is the system used in Australia that asks voters to rank candidates in order of preference.

This ranking of preference can be done in two ways: By adopting the order or orders of preferences registered with the Australian Electoral Commission by a particular group of candidates or an individual incumbent senator at polling booths, or by indicating preferences individually. Under the first system, the voter simply puts a "1" in the box for the chosen group or individual incumbent senator and the Electoral Commission allocates the preferences accordingly. In the second system the voter must place the preferred rank number next to each of the names of the selected candidates.

In order for the system of transferable votes to work correctly, voters are required to rank a minimum number of candidates based on the number of vacant seats in the constituency, plus one. For example, if there were five vacant seats, the voter would be required to rank in order of preference six candidates. If the voter chooses to rank more than that, they can do so. However, distinguishing preferences much beyond seven to ten candidates becomes very difficult. To keep a ballot as voter friendly as possible, I suggest that the simple requirement of voting in order of preference for the number of vacancies plus one is the best approach. I also observe that voting is compulsory in Australia, something that is not likely to occur in Canada.

The position of the party's name on the ballot is selected randomly by the Australian Electoral Commission, whereas the positioning of names of candidates is determined by the party.

Honourable senators, I see that Senator Lynch-Staunton is here. I will stand down so that the preceding order can be dealt with.

I will take a cue from a wise senator opposite. I will move adjournment of the debate while this other matter is being dealt with, and I will ask the Senate's permission to proceed after the preceding order has been dealt with.

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

Some Hon. Senators: Agreed.

On motion of Senator Hays, debate adjourned.

PRIVATE BILL

AN ACT TO AMALGAMATE THE MONTREAL BOARD OF TRADE AND THE CHAMBER OF COMMERCE OF METROPOLITAN MONTREAL—SECOND READING

Hon. John Lynch-Staunton moved the second reading of Bill S-12, An Act to amalgamate the Montreal Board of Trade Act and The Chamber of Commerce of Metropolitan Montreal.

He said: Honourable senators, I want to thank Senator Hays for his courtesy and apologize for having had to leave the chamber, but unfortunately I had misplaced my notes.

I am very pleased to introduce this bill at second reading, as for many years I was actively involved with the Montreal

Board of Trade, including one term, 1985-1986, as its president. Relations with the Chambre de commerce du district de Montréal, even before then, were so close that more often than not it appeared as if both entities were acting as one.

The merger of the two organizations, which this bill will confirm, is the logical result of many years of close collaboration. It is also a significant revelation of what Montreal is really about—not a community torn part by linguistic divisions, but one building on the unique advantages of its cultural diversity.

The decision to merge was not taken lightly. It was preceded by serious and careful reflection. The principal reason for the decision being supported so enthusiastically—in fact not one voice has been raised against it—is that great care was taken to reflect in the merged organization a spirit which creates a body incorporating the best of both predecessors.

[*Translation*]

The main purpose is to ensure that regardless of the organization someone belongs to, they will fit in easily after the merger. This was confirmed on March 23 at special meetings held separately by the Board and the Chamber, during which the proposed merger was unanimously approved.

[*English*]

Both la Chambre de commerce and the Board of Trade have contributed greatly to the economic and social development of Montreal, Quebec and Canada over many years. People close to both groups have taken leadership positions in other community groups and in public life. The merger seeks to honour and respect this rich heritage while developing programs and services in line with the needs of business and the community in general today and tomorrow.

● (1700)

I am particularly pleased to confirm that the new organization will function in both of Canada's official languages. No more eloquent statement could be made about the attitude and approach of the Montreal business community today, a vivid recognition that the linguistic duality of Canada is one of its competitive strengths and a unique richness. Members expect their business association to fully reflect this in its day-to-day operations and services. It is certainly an example for others to follow. It also is important to note that this was not a marriage of necessity. Both organizations were doing quite well from the standpoint of membership and finances.

On the other hand, there was a growing realization that, as the years passed, the original differences between the two groups were disappearing—in fact, that they had disappeared. Indeed, the Chambre de Commerce was established over 100 years ago as a breakaway group from the Board of Trade, a reflection of the tensions of the times. What better statement of the evolution of the Montreal community than this, the merger of its two main business groups.

Honourable senators, the chambre and the board have designated July 1 as a day when the merger will be confirmed. The date was not chosen at random, but rather to stress the significance of this historic event—two major organizations working separately toward the same goals for over a century now, deciding to become one where both of Canada's official languages are recognized.

Immediately after the merger was approved in March, the drafting of the bill began. Its introduction was expected long before this week but, despite the best efforts of all involved, the final drafting took much, much longer than expected.

As a result, meeting the July 1 date depends on the understanding of colleagues and of the other place.

I am extremely conscious of the reticence of senators to give a private bill preferential treatment. Our rules are, quite rightly, more strict regarding private bills than public ones, otherwise the first could be introduced with little if any publicity, despite any prejudice they might contain, while the latter are always under close scrutiny.

Bill S-12, honourable senators, commends itself to quick passage. Its intent has been widely publicized for months, and is supported without dissent.

[*Translation*]

Its purpose is to bring together in one body the best of the business community in the Montreal area. Can we think of a better time to confirm such a merger? Montreal's economy is in a perilous situation. Unemployment is higher than the Canadian average. The region is suffering from anxieties due to the constitutional debate. Unfortunately, the perception, which is far from reality, still persists that Montreal is tearing itself apart and that the game has already been lost. I assure you that such is not the case.

[*English*]

The bill before you is ample testimony to this.

Honourable senators, not only do I commend this bill, I ask that you recognize that what is involved is much more than the merger of two impersonal groups: It is an act of faith in Quebec and in Canada, an act which I trust you will endorse enthusiastically by giving it quick passage.

Some Hon. Senators: Hear, hear!

Hon. Royce Frith (Leader of the Opposition): Honourable senators, I am pleased to rise to speak to this bill, but I cannot rival Senator Lynch-Staunton's pleasure in presenting this bill. The only reason I cannot is because I do not share his history with this organization.

I am pleased to support this bill. I have had many informative—indeed, moving representations—about the attention so many loyal citizens of the great City of Montreal, where I was born and raised until my teens, have given to this worthy objective. Those efforts of so many have been eloquently—indeed, poetically—summarized by the Deputy Leader of the Government in his closing remarks.

I thank and congratulate all the citizens of Montreal and members of these two organizations for what they have been

able to bring about, obviously, not without a good deal of difficulty and, at times, Herculean efforts, as I have been told.

On the procedural side, we are faced with certain difficulties in trying to help this bill meet its objectives as quickly as possible. Those difficulties, as honourable senators know, are found in the rules that deal with private bills. As senator Lynch-Staunton has correctly pointed out, the *Rules of the Senate*, with clear intention create certain difficulties, for private bills. These were not put in place for capricious or arbitrary reasons, but they do apply only to purely private bills. I refer to "private bills" in the sense that they are not for the benefit of the entire country, but deal with specific problems of individual persons or groups of persons.

It is understandable that Parliament in such cases would say to its citizens, "If you want us to deal with your particular problem, then we must be very sure that we afford enough time to those who are interested, and who might be opposed to it, to give their views so that we can assess them in deciding whether we will pass this private remedy."

That is why the rules, starting at rule 106, provide for notices to be published in the *Gazette*, and declarations of compliance with such advertisements to be filed with the clerk. Indeed, rule 109 goes so far as to provide that certain steps be taken before there can be any suspension of these rules that deliberately set up these difficulties.

Rule 109 states:

> A motion for the suspension of the rules upon any petition for a private bill shall not be in order, unless such suspension has been recommended by the Committee on Privileges, Standing Rules and Orders.

At first sight it would appear that, as a body, we cannot assist this bill to reach its objective of July 1. The reasons for that objective have been explained articulately and clearly by the Deputy Leader of the Government. We cannot assist the applicants unless we have a recommendation from the Committee on Privileges, Standing Rules and Orders.

However, I have been advised that the interpretation, I think a reasonable one of the rule, is that it deals only with a motion for suspension of the rules upon the petition for a private bill. I think we should accept that interpretation for the reasons made clear by the Deputy Leader of the Government and, I hope, by myself. What is then required is a recommendation concerning the steps to be taken regarding the petition leading up to the proceedings on the bill itself.

I am informed that all the steps outlined in rule 109 have been fulfilled. In fact, there is a certificate from the Examiner of Petitions that they have been complied with.

I am going to some lengths to point out that I am not—and I don't believe the Deputy Leader of the Government is either—recommending that we should make a special case for this applicant that might come to haunt us on other occasions. Therefore, we can be satisfied that we will not be haunted by appearing to ignore rule 109, because on that interpretation we are not ignoring rule 109.

[Senator Frith.]

As we try to help these two organizations to attain their objective in this bill, we will be faced with rule 116, which states:

> A private bill originating in the Senate, of which notice is required to be given, shall not be considered by a committee until after one week from the date of referral to such committee . . .

I propose that we give this bill second reading and refer it to the committee. We will then be faced by rule 116, which provides that the committee could not deal with the bill for one week. Of course, there is a good reason for that, namely, giving people an opportunity to come and make objections.

But Senator Lynch-Staunton has discovered some precedents for our dispensing with that one week requirement. Without that dispensation it is clear that there would be no hope of passing this bill by July 1.

Is there a good reason to so dispense? I believe there is. Senator Lynch-Staunton has put on the record that all the advertising has been done and that the whole project has been a matter of common knowledge for some time. I have been informed by others who have spoken to me from the Board of Trade and the Chamber of Commerce that the matter has been of great public knowledge and celebration in Montreal.

If we refer the bill to committee, the committee can assure itself about that and can include in its report that it is satisfied that the week's delay would not have made any difference. I hope that there is evidence before the committee that will persuade it to include such observations in its report to us.

I have only one other point to make. When the committee examines the bill, there are two technical questions that it may find of interest. This may be a perfectly normal provision that I have not noticed in other similar bills, but I hope that our parliamentary counsel will explain Clause 9(3), which provides that:

> No act of the amalgamated corporation, including a transfer of property to or by the corporation, is invalid by reason only that the act or transfer is contrary to its objects or to a provision of this Act or to a provision of the Canada Corporations Act applicable to the corporation.

I can remember cases in my practice when I would have loved to have a clause like that when answering a requisition on title. Even though a corporation was acquiring property, for example, outside its objects, if an act of Parliament said that such an objection was invalid, such a provision would have been very helpful.

This may now be a normal provision, but I nevertheless hope that the committee will get some opinion on it.

My only other observation of a technical nature concerns clause 11, which applies a number of provisions of the Canada

Corporations Act. Perhaps the committee will obtain an explanation of the import of those sections.

So, honourable senators, based on those three points—the merits of the bill; the fact that we can find justifiable reasons to waive our rules on the subject; and the suggestion as to what the committee could do to reassure us when we come to third reading—I recommend that we give this bill second reading now and send it to committee. The committee can then begin the work that we are speaking of and perhaps help this worthy cause achieve its objective of existence by July 1 next.

Hon. Noel A. Kinsella: Honourable senators, I wonder whether or not Senator Lynch-Staunton or Senator Frith would turn their attention to rule 119. As both of you have familiarity with the rule before us, rule 119 provides that:

> Any person whose interests may be affected by a private bill:
>
> (a) may appear before the committee to which the bill has been referred . . .

The intention here is to refer the bill to committee. Are there, to your knowledge, persons whose interests may be affected, but who would, one might reasonably expect, be fully cognizant of the bill so that their right, under that rule, to appear before the said committee would not be obviated?

Senator Frith: Honourable senators, without having referred directly to rule 119, that was what I was referring to when I said that I had hoped that the committee would confirm what both Senator Lynch-Staunton and I have been told, namely, that all the advertisements have been done and the matter has been a matter of public knowledge and celebration in the City of Montreal. I hope the committee will indicate in its report that it had inquired into this. From three or four different sources Senator Lynch-Staunton and I have been told that this has been discussed very broadly in Montreal since March. Am I correct, Senator Lynch-Staunton?

Senator Lynch-Staunton: That is correct.

Senator Frith: That does not mean that the committee should not—and I am obliged to Senator Kinsella for raising it—directly raise its problems with that section. It should ask the witnesses to furnish the information formally for the record that has been furnished to Senator Lynch-Staunton and myself. I am sure that they will have no difficulty in doing so, but we can let the committee settle that.

[*Translation*]

Hon. Eymard G. Corbin: Honourable senators, I do not wish to speak to the substance of the bill but I would like to point out to Senator Lynch-Staunton that the quality of the French version of this bill leaves a great deal to be desired.

There are errors in grammatical agreement, many typographical mistakes, missing titles, in short, many things that I noted in my copy. I will be pleased to give it to him so that he can have a head start when the committee studies it.

I think that someone did not do a proper job of revising the French text. It is not up to the standard that should be met for presentation in this House.

Senator Lynch-Staunton: I thank Senator Corbin for pointing out these deficiencies. Unfortunately, they occur too often—even worse, more often than not, in one language only.

[*English*]

I can reassure Senator Kinsella—and I think this will be confirmed when the committee hears the witnesses—that those who are directly concerned with the merger are the existing members of both groups, and they have given it their wholehearted support. However, there are senior officials of both the Chamber and the Board who are ready to come before the committee; and they can elaborate more on that at that time.

I want to thank Senator Frith for his approach to this request. I know that he is not completely enthusiastic in the stand that he has taken. He has taken it because he understands the intention of the project. I am particularly aware that he has done so with some difficulty because he is a man with a fine legal mind and he believes, quite rightly, that legal texts should be followed as closely as possible because they are there for a certain purpose, and if we deviate from them too often, then we mock the purpose of those texts.

● (1720)

On behalf of both organizations, I am pleased to express appreciation for his and his colleagues' acceptance of accelerating this bill so that it can receive third reading here tomorrow and go to the House of Commons for passage before the adjournment.

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

Hon. Senators: Agreed.

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?

On motion of Senator Lynch-Staunton, bill referred to the Standing Senate Committee on Legal and Constitutional Affairs.

SUSPENSION OF RULE 116

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding rule 59(1)(a), I move, seconded by the Leader of the Opposition:

> That Rule 116 of *The Rules of the Senate* be suspended in relation to Bill S-12, an Act to amalgamate the Montreal Board of Trade and the Chamber of Commerce of Metropolitan Montreal.

This is to allow the committee to consider the bill immediately rather than wait for a week, now that the bill is referred to committee.

The Hon. The Speaker: Honourable Senators, is leave granted?

Hon. Senators: Agreed.

Motion agreed to.

SPECIAL JOINT COMMITTEE ON A RENEWED CANADA

CONSIDERATION OF REPORT—DEBATE CONTINUED

Leave having been given to revert to Reports of Committees:

> Resuming from earlier this day the debate on the consideration of the report of the Special Joint Committee on a Renewed Canada, dated 28th February, 1992 (Sessional Paper 343-416A)

Hon. Dan Hays: Honourable senators, I was explaining the single transferable vote in the Australian context. In order for candidates to be elected to the Senate, they must obtain a certain quota of the votes. The quota is determined by a formula which is the number of formal votes or valid votes cast in a state plus one, divided by the number of Senate vacancies plus one. To use numbers in the example, if there were 140,000 voters and six vacant seats to be filled, 140,000 plus one would be divided by the six vacant seats plus one, namely seven, to achieve a quota of 20,001 as being the number of votes necessary for a candidate to be elected. When they receive that amount, they are declared elected. If they have more votes than they need, then the ones over the quota are passed on to the voter's second choice.

These transferred votes do not count as one full vote; only a fraction of the vote. If they are passed on again, then the fraction is smaller. If a candidate does not get a quota straight away, then they depend on getting the fraction votes so that all votes will add up to the quota needed.

Once all surplus votes are distributed, if all seats are not filled but not enough people have reached the quota to fill them, then the candidate in last place is eliminated and the second, third, et cetera preferences from that person's votes are counted, but only as a fraction of one full vote.

The advantages of this system of proportional representation is that it makes sure that you get representatives for your state in the proportions that all the voters together wanted them. If a majority of voters identified someone as third best, that is where they will place in the outcome of the election.

Proportional representation has not only modified the pattern of partisan influence in the Senate, but also the endorsement of candidates. Since 1949, positions in the Senate have become more sought after because of their security of tenure, increased visibility and the prestige of the Senate. As a result, the competition for party endorsement has increased and the calibre of candidates has become much higher.

[Senator Lynch-Staunton.]

In Australia, parties can endorse one candidate for each vacant position. The party executive puts forward a list of candidates to represent the party in an election. This list does not go through a nomination procedure. In both situations, the criticism is that the party tends, to a great degree, to put forward the names of party faithful and members of its executive.

In the case of the House of Representatives, the process is somewhat more democratic because the candidate list is scrutinized through the candidate nomination procedure, much as is done in Canada. However, the names of people who stand for election are put forward by the party. That is a difference.

In the case of the Senate, the list stands without active participation from party members. This is a weakness in the Australian system that should not be duplicated.

For the major parties in Australia, the choice of candidates for national elections is the prerogative of the state machine. In Australia, the state and national organizations are not separate. Thus, the Senate has become an avenue for some of the most skilled individuals in the state branches of these parties to make a transition from party activist to the parliament at the national level.

The Senate is a repository of politicians from the major parties who have the ability to speak with authority on the attitudes of the state branch of their party to issues being discussed both in their party and on the floor of the Senate. By this example, we can see that loyalty to party is not, in itself, inconsistent with a system that is sensitive to regional issues and perspectives.

The registration of political parties is an essential element in the Australian system designed to provide public funding for political parties and an enforceable system of disclosure of campaign expenditures by parties and candidates, and of contributions of money and services to political parties. Legislation provides for funding of candidates at federal elections who obtain at least 4 percent of the votes, but the funding must not be greater than the registered expenditure in connection with the election. For candidates for the House of Representatives, the law provides for the payment of 60 cents for each vote recorded in their favour. For Senate candidates, the payment is 45 cents a vote when the election is held separately from that of the House of Representatives, and 30 cents a vote when held simultaneously with an election of the House of Representatives. The legislation provides for indexation of these amounts to account for inflation.

As I stated the other day, Senate elections are for six-year terms. They have elections for half of the senators every three years and the House of Representatives is elected every three years. It has become a practice for the House of Representative elections to occur at the same time as the Senate elections, even though they are governed in the same way as ours are by a vote of confidence in the House of Representatives. It is because of the choice of the Prime Minister to have them

coincident with the Senate elections that they often occur at that time.

I would like to talk about some problems with the Australian system. The prominent role of the party in the selection of Senate candidates has tended to entrench party discipline and partisanship. In effect, party executives decide who will be senators by approving candidates and by deciding the order in which their names will appear on the party list and the election ballot. The top two names are virtually assured victory in the government or opposition party in the house. As a result, the Australian experience illustrates an Upper House which almost automatically divides on party lines, and follows the lead of the party in the Lower House or the leader of the party.

The participation of single-issue interest groups has resulted in complex election ballots whereby if a voter wants to rank candidates according to their preference rather than that of a particular party, they may find themselves ranking a large number of candidates.

Another weakness is the use of the 'Single Transferable Vote' method of proportional representation which involves lengthy tabulation of results that can take up to three weeks to determine winners. Despite the disadvantages, this method reduces the barriers for small parties and provides for a broader range of representation in the legislature.

Having given a brief description of the Australia Senate, necessarily incomplete due to time, I would like to talk now about a reformed Canadian Senate.

The redesign of Canada's Senate is a complex task that requires, above all, a clear view of what we want the institution to achieve. Throughout the Beaudoin-Dobbie proceedings, the committee heard from many groups who felt a reformed Senate should represent cultural and linguistic minorities; reflect Canada's diversity; provide specific representation to women, aboriginal and ethnic groups; represent regional interests; and counter balance the representation by population expressed in the House of Commons. While it is laudable to support these positions, I believe that, by trying to accomplish too much in one Chamber, we run the danger of creating an institution that is too rigid and too restrictive, that it will be unable to evolve over time with the changing fabric of the country and will, in fact, put limitations on the representation of these interest groups.

It is my view that the main goal of a reformed Senate should be to provide an opportunity for greater regional and provincial expression and to challenge the monopoly of executive control of the legislative process. This can best be accomplished by providing a second chamber where all regional and provincial interests are represented equally or weighted more to the outer regions than is currently the case.

Further representation of special interests should be accomplished through electoral reform that will result in more participation by women, aboriginal, and ethnic minorities. There will be a natural progression of these groups into the Senate once the electorate has the opportunity to express themselves in an election.

To use greater representation for women as an example, on the type of ballot used by Australia as modified—which, in my opinion should eliminate the party list but should have those who are nominated by the parties listed, with a requirement that the voter only vote in preference for the number of vacancies plus one, which is not too difficult— it would be possible, for instance, for a voter to select, in the ballot, women only or aboriginals only through the parties. That, in conjunction with the system of proportional representation, should assure greater representation for that group within the system. That is an example of how it would work.

Senator Frith: Can that not be done in Australia now?

Senator Hays: It can be done there now, but, as I understand it, the first, option, that is the single mark on the ballot, is being used more, and that goes to the party list, which I have criticized because the party list is established by the party and, in the case of the Senate, established without reference to the general membership of the party.

Senator Frith: Surely if there were 90 people on the ballot, you would have to mark them all.

Senator Hays: Although it was the case at one time, having checked, I find that it is no longer so. If you elect to vote for the people on the ballot, you are obliged only to rank them by the number of vacancies plus one, which I think is a good idea because ranking all of them would result in many spoiled ballots. It would not work here, not only because we do not have compulsory ballot, but because it would be too complicated and result in too many spoiled ballots.

Most Canadians will agree that the current system of appointing Senators is anomalous to a modern democracy. Of the numerous studies done on Senate reform, most have advocated reform based on the concept of an elected Senate. I support the direct election of Senators as this will ensure a Senate that is accountable to the people in the most acceptable democratic tradition. As a method of election, many proposals call for some form of proportional representation. However, most are unclear as to the specific system they would use. The proportional representation model used in most Western European countries uses some form of a "party list" system. Such models entrench the role of the party executive in determining a prospective candidate's placement and position on the list of candidates and therefore the likelihood of the candidate being elected. As the intention of Senate reform is, to some considerable degree, to counterbalance the influence of the political parties, the Prime Minister and the executive, I am not in favour of such a system.

In the Beaudoin-Dobbie report, the committee proposes that the provinces be divided into districts that would elect three or four senators through a system that combines both proportional representation and 'first-past-the-post'. I do not agree with this method of election. Electing senators on a sub-provincial basis would weaken the powers of the Senate to act as a house of provincial and regional representation at the national level because of the tendency of senators to represent the interests of their constituency over the interests of the

province or region. Constituency interests are vital to the democratic system, but these interests are best represented by Members of the Legislative Assembly at the provincial level and by Members of Parliament at the federal level. Therefore, implementing proportional representation with sub-provincial constituencies defeats the purpose of Senate reform and would tend to split the senators according to special interests and, in effect, unnecessarily duplicate the role of MPs or MLAs.

I propose that senators be elected on a province-wide basis through a proportional representation system such as the 'single transferable vote' method used in Australia. While the Beaudoin-Dobbie report indicates that, in theory, the Australian system reduces the focus on the party affiliation and concentrates the attention of voters on candidates, it also points out the wide use of "How to vote" cards tend to encourage voters to vote for the party slate which further entrenches the party's influence.

In reforming the Canadian Senate, I believe that, by eliminating the 'party option' on the election ballot and by encouraging individuals to rank candidates according to their preferences, we are more likely to encourage the election of representatives of parties or interest groups that might find it difficult to mount successful campaigns in the plurality-based elections for the House of Commons.

While this system is more complicated than either "plurality" or "party list" methods, I believe it would give the electorate a greater degree of involvement and identification with their elected representatives.

The effectiveness of the Senate, as I have said, will depend largely on the degree of its political independence from the executive branch of government. The option of tying Senate elections to House of Commons elections or provincial elections will weaken this independence. Furthermore, because a reformed Senate should not be a confidence body, the timing of its elections should not be triggered by a confidence motion in the House of Commons; nor should it depend on a decision of the Prime Minister to call an election.

Establishing fixed dates for Senate elections will diminish the role of the Prime Minister in determining the agenda of elected senators by removing the temptation to promote an election date which best suits the executives' political agenda. The Senate, therefore, should have a separate election date at fixed intervals, as recommended by the Beaudoin-Dobbie report.

The expense of a separate date for Senate elections is outweighed by the advantage of minimizing the influence of the executive. As I said earlier, we might find the elections taking place at the same time anyway.

Senators should be elected for a fixed term of six years with one-half of the Senate standing for election every three years. A term of six years will allow for continuity in legislative review and help to encourage highly qualified candidates to leave the private sector for public life. An election every three years for one-half of the members of the Senate will ensure that the Canadian public has an opportunity to voice its concerns more frequently. This proposal would provide for more continuity than that proposed in the Beaudoin-Dobbie report which advocates that all Senators be elected every six years.

[Senator Hays.]

With respect to the first election after a reformed Senate is implemented, a lottery process could determine which senators would be up for election after the first three years.

Since an appropriate means to retire the current members of the Senate would have to be found, the reformed Senate should be set in place one or two years after the date of the next federal election to allow the next Parliament to finalize the all-important details of the method of election and laws relating to election expenses. If this is an issue in the next federal election, it is guaranteed that debate on these crucial matters will take place in the most appropriate forum and involve the whole of the electorate.

Determining and agreeing on the powers of the Senate is one of the most difficult issues to resolve. If the fundamental objective of Senate reform is to ensure better regional representation and to provide a more effective check on the executive, it is clear that the elected Senate must have "real powers".

In Australia and the United States, the Senate is a powerful regional influence in the political process. Although this can lead to conflict, disagreements between the houses raise the profile of issues and make the government more responsive. As a result, the legislative process becomes one of negotiation and compromise among various interests. A reformed Senate must therefore have sufficient powers to bring about the incentive to develop policy that suits the interests of the country at large.

The Beaudoin-Dobbie report recommends a Senate with relatively strong but overly circumscribed powers.

● (1740)

As a general rule, it is suggested that in order for a measure to become law, the approval of the Senate and the House of Commons should continue to be required except on matters relating to supply and appropriation. The report also recommends that in the case of deadlock on normal bills, the House should be able to override the Senate.

The Liberal party, in the minority in that report, did not accept this position. It said that the Senate's veto in that case should be absolute.

If the fundamental objective of Senate reform is to provide a more effective control over the executive, the provision of an override will undermine the effectiveness of the Senate, particularly if the override is, as one of the Beaudoin-Dobbie options suggested, a simply majority.

Thus, the Liberal party proposed that the Senate be provided with an absolute veto on all bills except for appropriation and budget bills, for which a suspensive veto of 30 and 180 days respectively would apply, after which period the

appropriation or budget bill could be passed in the House by a simple majority.

In addition, to reinforce its independence from the Prime Minister and his or her executive, there should be no appointments to the cabinet from the Senate, and, of course, the provision in the Constitution that enabled the Prime Minister to select a Speaker for the Upper House should be replaced with a provision for an elected Speaker selected from the Senate at large.

On the position taken in the Beaudoin-Dobbie report, I agree that there should be a double majority requirement in the Senate on cultural and linguistic issues, and if aboriginal representation is guaranteed in the Senate, the application of a double majority rule on matters affecting aboriginal language and culture should be considered.

Furthermore, the Senate should have an absolute veto on constitutional issues. Appointments to the Supreme Court and various Crown corporations should require Senate approval, and the Senate should continue its role of providing in-depth inquiries into issues of national importance. Many of these duplicate recommendations in the Beaudoin-Dobbie report.

Many proposals have recommended the redistribution of seats in the Senate in a way which would provide greater representation for the Atlantic and Western regions of Canada. There are also a number of proposals to increase the representation using the provinces rather than, or in addition to, the regions as the rationale for redistribution.

Proponents of the latter fall into two basic categories: Those who argue that if the Senate is to represent the provinces, then all provinces must be regarded as equals, and therefore equal representation should be afforded; and those who argue that, because of great disparity between the populations of the provinces, there should be a greater representation provided for the outer provinces of Canada, but not on an equal basis.

In the Beaudoin-Dobbie report, the committee recommends two options for the redistribution of seats which I view as unacceptable. In both situations, they provide for too many senators and are not sufficiently weighted to the outer provinces. In addition, there is no provision for changing representation as the population of the provinces change.

I also do not support the position of the Romanow proposal which provides for an equal number of seats for each province, but allocates more votes to some senators than others based on the provinces they represent or the issue being voted on. In my view, this is just semantics, simply a way of disguising the problem and making a system that is more complicated and more opaque.

The choice most preferred in Alberta, of course, is equal representation from each province. Representation in the Senate based largely on population is rejected in my province because the larger provinces would overwhelmingly out-represent the smaller provinces.

Since representation by population is not the role or objective of the Senate but rather that of the House of Commons, it is also argued that a Senate with equal numbers from each province would be the preferred solution. I appreciate the difficulty with that. I point out within my own party, though, that it is the view of the Liberal party's northern and western caucus.

In any event, it is important to discuss a fall-back position. I believe that I should discuss the least that must be done to, in my view, satisfy the objectives for a reformed Senate.

An improvement on the distribution is the position put forward by Liberal members of the Beaudoin-Dobbie committee who recommended that seats in the Senate be redistributed on the basis of provincial or territorial representation, and weighted according to the populations of the provinces or territories, using some kind of categories. This may seem a bit frivolous, but we could have extra-small, small, medium, large and extra-large provinces. We would need some way of defining them. This would provide for a distribution and, in the Liberal proposal in the Beaudoin-Dobbie report, the numbers total 100, made up of 1 from each of the Yukon and Northwest Territories, 9 from each of British Columbia and Alberta, 18 from Ontario and Quebec, 4 from Prince Edward Island, and 8 from all other provinces.

An improvement on this suggestion would further reduce the number of categories to four, providing for a distribution of 94 senators made up of 1 from the Yukon, 1 from the Northwest Territories and 8 from all other provinces, with the exception of Ontario and Quebec with 16 each, and 4 from Prince Edward Island. One might add another one for the second part of the Northwest Territories when that transpires, which would bring the total to 95. Limiting the size of the Senate to 96, 95, or 94 would raise the profile of the senators and would reduce the possibility of the Senate becoming a duplication of the House of Commons.

While accepting that an equal Senate would have the advantage of being easier to implement, the redistribution of seats would require some form of constitutionalizing definitions and the means of seat allocation. Furthermore, such a system of redistribution would also have to allow for a province to increase or decrease its level of representation in the Senate as its proportion of the Canadian population increased or decreased. For example, based on current demographic trends, British Columbia's level of representation in the Senate may have to be adjusted upwards in the near term.

With respect to the issue of aboriginal representation, the nature of any guaranteed aboriginal representation in the Senate will ultimately be determined by the status of aboriginal self-government within Canada. Assuring that the inherent right to self-government is recognized in the Constitution, First Nations will negotiate the powers and terms of self-government with the federal and provincial governments. If First Nations become a recognized third order of government within Canada, the question of representation in both the Senate and the House of Commons will ultimately be addressed on a trilateral government-to-government basis. Guaranteed aboriginal representation in the Senate, therefore, should not be viewed primarily as an attempt to address the

inadequate representation of an ethnic minority but as a recognition of the historical and legal position of the First Nations within Canada. It is this rationale which differentiates the position of aboriginal peoples from the position of ethnic minorities and women on the question of under-representation in the political process.

Regardless of the current progress on the issue of aboriginal self-government, it would be a positive step at this time to support guaranteed seats for our aboriginal people in the Senate, recognizing that it may be a temporary or transitional arrangement until the status of aboriginal self-government is finally determined. If aboriginal representation is guaranteed in the Senate, the application of a double-majority rule on matters affecting aboriginal language and culture, as stated earlier, should be considered.

Senate reform is crucial to solving the problems of regional discontent. The current situation is unpalatable to the regions. What we hope to do is create a structure that will lead to a more democratic and representative system.

However, I acknowledge that there are significant obstacles to Senate reform. Traditionally, provinces have been the principal representatives of regional interests due to decentralization and executive federalism. The redistribution of powers which will result from Senate reform will also affect the existing relationship between the federal and provincial executives by introducing, in effect, another representative body. Thus, provincial premiers will have to accept a diminished role as the spokespersons for provincial and regional interests, something that I appreciate presents an impediment to Senate reform.

The larger provinces, Quebec and Ontario, will lose some of the power they presently possess in the Senate. Quebec, in particular, may view the shift of power in a negative way unless it is accorded some special protection in another form. Thus, it is important that a requirement for a double majority in the Senate be established that is sensitive to that concern.

Unless Canada's national institutions are strengthened, there is a risk that regional alienation will cause the nation to become less unified and possibly break up.

● (1750)

Canadians will cease to identify with their national institutions and the country will become increasingly fragmented. To this end it is crucial that Senate reform constitute only part of overall parliamentary reform. Reforms in the House of Commons must be enacted to ensure that the electorate's deep dissatisfaction with the current system of representation is fully addressed.

Furthermore, there is the distinct possibility that the Senate alone will render those MPs who are not part of the executive even more irrelevant than is currently the case and deepen the electorate's dissatisfaction with the level of representation these MPs and the political system as a whole provide for the great majority of Canadians. In my view, however, the more likely result is that the House of Commons will undergo change to ensure its meaningful role in the legislative process.

[Senator Hays.]

A country as large and diverse as Canada needs strong national institutions that provide legitimate and effective forums to represent the interests of people, provinces, and regions. Senate reform is the principal step in this process.

As I stand before you, there is a need to change the democratic reality of Canada by reallocating power among the executive parliamentary branches of government. We will be well-served only if we take the time to consider, first and foremost, the interests of the country and openly discuss the best way to bring about reform.

As I understand the current proposals for Senate reform through the media, I must say that I have grave concerns. I have already expressed disappointment in the idea that the Senate composition issue be resolved by having the same number of senators from each province, but with a weighted voting power depending on which province they are from and whether or not the vote is to apply to an issue dealing with natural resources.

This tends to tell me that what is happening is that people are responding to the symptoms of the problem rather than to its root causes. In the end, the only way we will have a responsive system in place to deal with the feeling of powerlessness, which is so rampant among the people of my province, is to address the structural change. We must do that in the best possible way so that it will lead to the democratic result that we want, that is, a more responsive elected body.

As I said a couple of times through the course of my remarks, it may well be that there is some considerable disagreement with the positions that I have taken. I accept that. However, I believe that we must, as soon as possible, move on to a detailed discussion of this issue. If we finesse the Senate reform issue through one of the methods being talked about now—even the Alberta position which states that the Senate should have equal but great powers on matters of provincial jurisdiction, lesser powers on matters of concurrent jurisdiction, and virtually no powers on matters of federal jurisdiction—then, as a citizen of Alberta, taking myself out of the parliamentary sphere, if there is no genuine attempt to deal with the issue, there will be immense dissatisfaction among those people who have formed into movements at this particular time in my province and in my region. I point out that it will be recognized immediately if it is not genuine.

I brought forward this very long speech using the Australian Senate as a model. It is a good starting point, albeit with flaws, that we can build on and use as a framework. I believe that this is the approach we should take, but that we must debate it fully. I regret that, at this particular point in time, we still seem to be talking about the symptoms of the problem as opposed to the problem itself.

Some Hon. Senators: Hear, hear!

Hon. Maurice Riel: Honourable senators, I should like to ask a question of the Honourable Senator Hays.

He has not mentioned if there is a mediation committee to deal with difficulties between the lower house and the Senate in Australia. Does a committee of that type exist? If difficulties between the two houses arise, how are they resolved?

Senator Hays: I cannot answer Senator Riel's question with authority since I have not looked into the matter.

However, I can confirm that the Senate has, essentially, an absolute veto, or concurrent jurisdiction, with the House of Representatives. I am guessing when I say this, but I assume there would be conferencing provisions in their system since it is modelled after the American system. As there are conferencing provisions in our own system, which are not used, there are conferencing provisions in the U.S. system.

I am not aware, however, of any procedures for joint meetings.

Senator Riel: I have a second question for the honourable senator. He recommends that, as is the case in Australia, the 12 candidates who receive the most votes should be elected. In that way, it would resemble a provincial election.

I do not know much how money would be involved in such an election. However, I know that in the United States when two senators are elected in New York or California, for example, the amount of money involved is extraordinary. If the same were done provincially, it would cost, perhaps, as much as a provincial general election.

Senator Hays: Senator Riel raises a most important issue, that is, what the election expenses environment will be for a Senate election. The American experience is not one we would want to duplicate wherein the cost of running for office is extraordinarily high. Because of the election expenses laws which are in place in that country, contributions to incumbent members are encouraged to the point that one of the candidates for the Democratic nomination was saying that the governing party in the United States is not the Republican Party or the Democratic Party but the incumbent party.

If we look at the funding of parties in the United States, we see that 70 per cent of political contributions go to incumbents, while 30 per cent goes to those challenging them. There is a 95-per-cent-plus return rate of incumbents. That is a distortion of democracy, one which we would not want to duplicate in Canada.

I believe that the election expenses environment is crucial, which is why I suggest that, if we are to reform our election expenses laws, then we should debate the issue thoroughly across the country. I cannot imagine a better place for it to come up than in the next federal election.

Senator Riel: Senator Hays, in a state-wide or province-wide election, it would be extremely difficult to have a local man or woman elected if it were proposed that six candidates be elected from each province. At this moment we do not have one farmer from the Province of Quebec in this place. The man from St-Jean Baptiste de Rouville, or any other place, has no choice.

We believe we should give them a place, and that it would be more valid to have a local representative than to have a selection recommended by the party bosses. Would the honourable senator agree with that?

Senator Hays: I do not know what kind of a representative group the party system alone would bring forward. However, I have to agree that, in a province-wide election, in many provinces there are certain components of the population that would encounter difficulty in having one of their number represent them in the Senate. Agriculture is one such component. With 2.5 per cent of our population on the land, the honourable senator makes a good point.

I have given thought to this issue. I am not sure of the history in the United States or Australia—and they are very different systems—with respect to minority groups, that is, groups that are not urban professionals, being elected to public office. I am afraid that, in my model, that is a problem we would have to accept.

The fact of the matter is that, if 98 per cent of the people live in cities, and they all choose to live in the City of Vancouver, then having someone responsible to represent that province is something we will have to accept.

I do not have a good answer or solution to the problem. It is the hard answer, and that is the way it is.

The Hon. the Speaker: Honourable senators, under Rule 13, I must advise the Senate that it is six o'clock. Is there unanimous agreement not to see the clock?

Hon. Senators: Agreed.

On motion of Senator Molgat, debate adjourned.

PRIVILEGES, STANDING RULES AND ORDERS

MOTION TO AUTHORIZE COMMITTEE TO CONSIDER PROPRIETY AND CONSTITUTIONALITY OF AMENDMENTS TO RULES OF THE SENATE— ORDER STANDS

On the Order:

> Resuming the debate on the motion of the Honourable Senator Haidasz, P.C., seconded by the Honourable Senator Thériault:
>
> That the Standing Committee on Privileges, Standing Rules and Orders be authorized to consider the propriety and the constitutionality of the changes and amendments to the *Rules of the Senate*, adopted by the Senate on June 18, 1991; and
>
> That the Committee report no later than October 13, 1992.— (*Honourable Senator Hébert*).

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, we are approaching the fateful number on this motion. We are now at number 14. I should like to reserve the right to speak on it at a later date. In view of the marvellous progress and understanding we have had today, I wonder whether Senator Lynch-Staunton would reconsider

my proposal of the other day of allowing this matter to stand until September, when we meet again, presumably on the 22nd?

Hon. John Lynch-Staunton (Deputy Leader of the Government): I will certainly reconsider the matter, as I have seen major reconsiderations taking place this afternoon. It will be on the basis, of course, that it is not to be considered a precedent but is being done under unusual circumstances, namely, that the senator who originally moved the motion unfortunately cannot be with us.

Senator Molgat: I wish to thank my colleague very much for his understanding.

Order stands.

GLOBE '92 CONFERENCE

Hon. Pat Carney rose pursuant to notice of March 24, 1992:

> That she will call the attention of the Senate to the Globe '92 Conference held in Vancouver, B.C., from 16th to 20th March, 1992.

She said: Honourable senators, I wish to table the report of the proceedings of Globe '92. You will recall that, under the rules of the Senate, I was to do this earlier but there were problems with the French translation.

I appreciate the cooperation of senators in allowing me to speak at this time. It is an honour and privilege to table a copy of the Agenda for Action for Business and the Environment, which is a summary of Globe '92. This was an international conference and trade fair held in March in Vancouver, and attended by over 12,000 delegates from 74 countries. It was the second in a series of bi-annual conferences bringing together businesses, entrepreneurs and organizations who see economic opportunities for business as the world moves to an economy based on sustainable development.

My colleague from the other place, the honourable John Fraser, presented this agenda for action to an assembly of world business leaders at a conference organized by the International Chamber of Commerce on May 27 in Rio de Janeiro. On numerous occasions during the conference, speakers and business representatives repeated the theme that environmental protection is not necessarily incompatible with economic development. Common goals were obvious among the 400 speakers at the conference, and the 457 exhibitors defined practical, long-term solutions to global environmental problems and, in the process, identified related business opportunities and responsibilities.

Honourable senators, I do not intend to take much more time. I will simply say that the agenda for action takes a global look at our environmental situation and then reviews the instruments available for effecting change. These are policy and legislation, economics and finance, technology and research, communications, education and training. All these are tools available to both the public and the private sector for use on behalf of the environment.

No one expects environment problems to be rectified or sustainable development to be implemented in a short-term period with no effect on populations throughout the world, but the idealism of our youth is heartening. They tend to be ahead of us on this issue. World leaders at this time cannot put off difficult decisions or actions to a later generation. We must act now in partnership with all Canadians, and the agenda for action clearly lays out the routes open to us.

The Hon. the Speaker: Honourable senators, if no other senator wishes to speak, this inquiry is considered debated.

THE ECONOMY

MISMANAGEMENT OF MONETARY POLICY—DEBATE ADJOURNED

Hon. H.A. Olson rose pursuant to notice of May 12, 1992:

> That he will call the attention of the Senate to the Government's mismanagement of the economy and particularly monetary policy.

He said: Honourable senators, I only want to say enough on this inquiry to enable it to be considered debated and moved to the proper category, so that the numbering will start over at one. I wish to adjourn the debate.

On motion of Senator Olson, debate adjourned.

The Senate adjourned until tomorrow at 9 a.m.

THE SENATE

Friday, June 19, 1992

The Senate met at 9 a.m., the Speaker in the Chair.

Prayers.

SENATORS' STATEMENTS

GENERAL ELECTION

NUMBER OF DAYS LEFT IN CURRENT TERM

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, I know my honourable friends would not want tradition to drop at this point—even though Senator Simard is not here—so, in the absence of my colleague Senator Frith, I wish to advise the Leader of the Government that the clock is still ticking. If the government of which Senator Murray is a member respects democracy, Canadians will cast their ballots within 155 days. Time is moving on.

Senator Doody: You would be more convincing if only you were not smiling!

Senator Molgat: If, in the words of Senator Murray, the present government is cowardly and contemptuous of democracy, the day of reckoning remains 541 days away.

ROUTINE PROCEEDINGS

[*Translation*]

CANADA DEPOSIT INSURANCE CORPORATION ACT

BILL TO AMEND—REPORT OF COMMITTEE

Hon. Jean-Marie Poitras, Chairman of the Standing Senate Committee on Banking, Trade and Commerce, presented the following report:

FRIDAY, June 19, 1992

The Standing Senate Committee on Banking, Trade and Commerce has the honour to present its

EIGHTEENTH REPORT

Your Committee, to which was referred the Bill C-48, an Act to amend the Canada Deposit Insurance Corporation Act and to amend other Acts in consequence thereof, has, in obedience to the Order of Reference of Tuesday, June 16, 1992, examined the said Bill and now reports the same without amendment.

Respectfully submitted,

JEAN-MARIE POITRAS
Chairman

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

On motion of Senator Poitras, bill placed on the Orders of the Day for third reading at the next sitting of the Senate.

BANKRUPTCY ACT

INCOME TAX ACT

BILL TO AMEND—REPORT OF COMMITTEE

Hon. Jean-Marie Poitras, Chairman of the Standing Senate Committee on Banking, Trade and Commerce, presented the following report:

FRIDAY, June 19, 1992

The Standing Senate Committee on Banking, Trade and Commerce has the honour to present its

NINETEENTH REPORT

Your Committee, to which was referred the Bill C-22, an Act to amend the Bankruptcy Act and to amend the Income Tax Act in consequence thereof, has, in obedience to the Order of Reference of Tuesday, June 16, 1992, examined the said Bill and now reports the same without amendment.

Respectfully submitted,

JEAN-MARIE POITRAS
Chairman

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

On motion of Senator Poitras, bill placed on the Orders of the Day for third reading at the next sitting of the Senate.

CUSTOMS ACT

CUSTOMS TARIFF

EXCISE TAX ACT

BILL TO AMEND—REPORT OF COMMITTEE

Hon. Jean-Marie Poitras, Chairman of the Standing Senate Committee on Banking, Trade and Commerce, presented the following report:

FRIDAY, June 19, 1992

The Standing Senate Committee on Banking, Trade and Commerce has the honour to present its

TWENTIETH REPORT

Your Committee, to which was referred the Bill C-74, an Act to amend the Customs Act, the Customs Tariff and the Excise Tax Act, has, in obedience to the Order of Reference of Tuesday, June 16, 1992, examined the said Bill and now reports the same without amendment.

Respectfully submitted,

JEAN-MARIE POITRAS
Chairman

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

On motion of Senator Poitras, bill placed on the Orders of the Day for third reading at the next sitting of the Senate.

EXCISE TAX ACT

INCOME TAX ACT

BILL TO AMEND—REPORT OF COMMITTEE

Hon. Jean-Marie Poitras, Chairman of the Standing Senate Committee on Banking, Trade and Commerce, presented the following report:

FRIDAY, June 19, 1992

The Standing Senate Committee on Banking, Trade and Commerce has the honour to present its

TWENTY-FIRST REPORT

Your Committee, to which was referred the Bill C-75, an Act to amend the Excise Tax Act and the Income Tax Act, has, in obedience to the Order of Reference of Wednesday, June 17, 1992, examined the said Bill and now reports the same without amendment.

Respectfully submitted,

JEAN-MARIE POITRAS
Chairman

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

On motion of Senator Poitras, bill placed on the Orders of the Day for third reading at the next sitting of the Senate.

[*English*]

PRIVATE BILL

AN ACT TO AMALGAMATE THE MONTREAL BOARD OF TRADE AND THE CHAMBER OF COMMERCE OF METROPOLITAN MONTREAL—REPORT OF COMMITTEE

Hon. Mabel M. DeWare, for Honourable Richard J. Stanbury, Deputy Chairman of the Standing Senate Committee on Legal and Constitutional Affairs, presented the following report:

FRIDAY, June 19, 1992

The Standing Senate Committee on Legal and Constitutional Affairs has the honour to present its

TWENTIETH REPORT

Your Committee, to which was referred the Bill S-12, An Act to amalgamate The Montreal Board of Trade and the Chamber of Commerce of Metropolitan Montreal, has, in obedience to the Order of Reference of Thursday, June 18, 1992, examined the said Bill and now reports the same without amendment.

Respectfully submitted,

RICHARD J. STANBURY
Deputy Chairman

THIRD READING

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

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, before moving third reading I wish to repeat what I said at the committee meeting this morning. On behalf of the Board of Trade and the Chamber of Commerce, I want to express their appreciation to Mr. du Plessis, Q.C., Law Clerk and Parliamentary Counsel, and his associates, and to Mr. James W. Ryan, Q.C., their special advisor, for the manner in which they prepared and drafted the bill. It was much more complicated than originally foreseen and they worked under extraordinary pressure to meet a deadline. That deadline has been respected, and all involved are most appreciative of their work.

I would also like to thank all colleagues for their understanding of the purpose of this bill, particularly colleagues opposite and their leader, Senator Frith, whose views on the use and misuse of rules are well known. I am not suggesting that we misused the rules in this case, but we certainly took advantage of whatever flexibility we could find, both in the rules regarding private bills and in the rules in general.

I also want to thank Senator DeWare and Senator Stanbury for convening the committee so quickly and for their strong support, and that of their fellow members, of this bill. It is of great significance, not only to Montreal, but to Quebec and to the rest of country, because it is a model we hope will be emulated elsewhere.

For all these reasons, I express my thanks to all involved. Honourable senators, I move, with leave, that the bill be read the third time now.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, you know my long-standing views on the question of giving leave. It is not a matter of wanting, personally, to be obstreperous by any means. It is just that on this side we believe that the rules, having been made for very specific reasons, ought to be followed. If I refused to give leave during the previous stages of this bill, it was not, as I am sure my honourable colleague knows,

because I found fault with the objects of the bill. If fact, I wholeheartedly support the objects of the bill.

[*Translation*]

Honourable senators, I suggest this was long overdue because it is incredible that there would be two boards of trade, one French-speaking and the other English-speaking, in the second largest city in Canada. So, I can appreciate this.

Nevertheless, I am in the position of having to decide whether or not to grant leave for this bill to be read for the third time today.

[*English*]

Having duly considered the matter, I would like to tell Senator Lynch-Staunton that part of the delay was in order to be able to offer him a birthday present this morning. In that spirit, I will grant leave and he will have, as his birthday present, his bill, which I know he holds in high regard personally. So I will grant leave and wish him a very happy birthday.

Hon. Senators: Hear, hear!

The Hon. the Speaker: With leave of the Senate and notwithstanding rule 59(1)(*b*), it is moved by the Honourable Senator Lynch-Staunton, seconded by the Honourable Senator Sylvain, that this bill be read the third time now. Is it your pleasure, honourable senators, to adopt the motion?

Motion agreed to and bill read third time and passed.

CANADA MORTGAGE AND HOUSING CORPORATION ACT

NATIONAL HOUSING ACT

BILL TO AMEND—REPORT OF COMMITTEE

Hon. Noel A. Kinsella, Acting Chairman of the Standing Senate Committee on Social Affairs, Science and Technology, presented the following report:

Friday, June 19, 1992

The Standing Senate Committee on Social Affairs, Science and Technology has the honour to present its

EIGHTH REPORT

Your Committee, to which was referred the Bill C-82, An Act to amend the Canada Mortgage and Housing Corporation Act and the National Housing Act and to amend another Act in consequence thereof, has in obedience to its Order of Reference of Wednesday, June 17, 1992, examined the said Bill and now reports the same without amendment.

Respectfully submitted,

NOEL A. KINSELLA
Acting Chairman

The Hon. the Speaker: When shall this bill be read the third time?

On motion of Senator Lynch-Staunton, bill placed on the Orders of the Day for third reading at the next sitting of the Senate.

CONTRAVENTIONS BILL

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-46, respecting contraventions of federal enactments.

Bill read first time.

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

On motion of Senator Lynch-Staunton, bill placed on the Orders of the Day for second reading on Tuesday next, June 23, 1991.

• (0915)

ORDERS OF THE DAY

APPROPRIATION BILL No. 2, 1992-93

SECOND READING

Hon. John Lynch-Staunton (Deputy Leader of the Government): moved second reading of Bill C-87, for granting to Her Majesty certain sums of money for the public service of Canada for the financial year ending the 31st March, 1993.

He said: Honourable senators, the bill before you today, Appropriation Bill No. 2, 1992-93, provides for the release of the balance of the Main Estimates 1992-93 amounting to some $34.9 billion dollars.

The Main Estimates were tabled in the Senate on February 27, 1992 and referred to the Standing Senate Committee on National Finance the same day. These Estimates were discussed in committee with the President of Treasury Board on April 8, and with his officials on May 6. The committee's report was tabled by its Deputy Chairman and is dated June 11.

The Main Estimates tabled to date amounting to some $141.1 billion provide for $48.9 billion of voted authority, of which $48.8 billion is budgetary and $.1 billion is non-budgetary; and $92.2 billion of statutory expenditures, of which $91.8 billion is budgetary and $400 million is non-budgetary.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, as the Deputy Leader of the Government has pointed out, the Estimates have been thoroughly studied in committee and have also been discussed here in the chamber.

I checked with the Chairman of the National Finance committee to ensure that there were no changes at this point that he could foresee, or further comments that he wished to make.

He has assured me that everything is in order, and as far as he is concerned, we should proceed and pass the bill.

• (0920)

Motion agreed to.

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

On motion of Senator Lynch-Staunton, bill placed on the Orders of the Day for third reading at the next sitting of the Senate.

REFERENDUM BILL

THIRD READING—MOTION IN AMENDMENT—DIVISION DEFERRED

Hon. Lowell Murray (Leader of the Government): Honourable senators, I move the third reading of Bill C-81, An Act to provide for referendums on the Constitution of Canada.

The Hon. the Speaker: Honourable senators, is it your pleasure to adopt the motion?

Hon. Joyce Fairbairn: Honourable senators, I am pleased to have the opportunity to comment this morning on Bill C-81, the government's referendum bill.

We in the Liberal party are in favour of giving the people of Canada the opportunity to vote on constitutional proposals. We want a referendum, either following a federal-provincial agreement or package or if the federal government fails to conclude a deal at all and is forced to proceed alone.

In my view and that of my party, it seems only appropriate and fair that after so many months and years of discussion—and all of the effort that went into the Meech Lake Accord, the Spicer Commission, the various federal-provincial legislative committees that roamed the land, the federally-sponsored conferences, and the enormous amount of media comment and coverage—that Canadians should finally have the chance to vote on the proposals which somehow—we hope—will result from that long and arduous procedure. It seems to me to be the natural progression of events.

Of course, our preference on this side would be to have an election to provide a new government with a fresh start and a fresh mandate to negotiate towards a referendum, but this bill is introduced during today's negotiations and today's deadlines and must be judged within that context.

Honourable senators, if Canadians were feeling disaffected with the process, and particularly the discussions behind closed doors of recent weeks, as they are, can you imagine how they would feel if they were not to have the opportunity to vote after all of this time and activity on this question? Surely a referendum on the issue would address, in part, that question of alienation. In my view, it would go a long way towards making every Canadian a part of the process. As a matter of fact, it would also make every Canadian a part of the national will to get on with other issues that face them starkly in their daily lives.

[Senator Molgat.]

The leader of the Liberal Party of Canada, the Honourable Jean Chrétien, first proposed the idea of a national referendum in his presentation to Quebec's Belanger-Campeau Committee in the fall of 1990 and again in April of last year in the Liberal party's nine-point guideline for constitutional change. We are all naturally pleased that the President of the Privy Council, the Right Honourable Joe Clark, and the government, after dismissing the idea of a national referendum only a few months ago, have come almost full circle in presenting this legislation to Parliament.

I say "almost" because, although we are supporting the principle of this bill, it is far from perfect, and we do not understand why the government has decided to leave it in this imperfect state. In fact when one reads the bill and considers all that has been said in the past few years on the issue of constitutional change and referenda, one has to wonder if the government itself really knows where it is going with this legislation.

The comments of the Honourable Harvie Andre, the government leader in the House of Commons, are filled with conditional phrases and so, honourable senators, is the bill. As all of us know, if this bill is passed it does not mean there will be a referendum on constitutional proposals. This legislation will only enable the Government of Canada to proceed with a referendum in the event that, in their wisdom, they feel that the people of Canada should be consulted, or if federal negotiations with the provinces fail. Even then it is not mandatory. The bill contains no formula or other method of determining when, or if, such a referendum will take place, and in our view that is one of its more serious flaws.

We believe that the people of Canada must be consulted, and we presented an amendment to that effect in the House of Commons which was denied by the government, and this legislation is flawed as a result. At the very least, with this bill the federal government would be equipped to proceed with a referendum. Without it, they have no legislative capacity to do so. However, I believe, and my colleagues believe, that it is not too late to make improvements.

Others have spoken about the inadequacies of the legislation with regard to spending, contribution limits and expenses, broadcasting rules, and the need for the opposition parties in the House of Commons to play a major role in the formation of the question. I would hope that senators could have a hand in it, too. We want to ensure that the process is fair and that a referendum be made a requirement for constitutional change. I agree with all of those arguments, but the specific improvement that I would like to propose to honourable senators today has to do with the question of regional majorities in the results of a referendum vote.

The legislation as it now stands makes no provision for regional majorities. I and my colleagues believe that this is a serious omission which should be corrected. By regional majorities, honourable senators, I mean quite simply that a proposal to amend our Constitution should receive not only an overall Canada-wide majority in a referendum but also a

majority within each of the four regions, Atlantic Canada, Quebec, Ontario, and the West, including the northern territories.

At the meeting of the Legal and Constitutional Affairs committee on Wednesday night, and recently in appearances before the House of Commons legislative committee, various reasons were put forward by Mr. Andre and others as to why this legislation should not have a requirement for regional majorities. I have to say I listened carefully the other night, but I remain unconvinced. For one thing, Mr. Andre suggests that since it is the premiers and provincial legislatures plus the federal government and Parliament who ultimately make the decisions on constitutional amendments, governments would be constrained in making their final deals by a national referendum that provides for regional majorities.

That line of reasoning suggests to me that the people's views might just get in the way of those various governments. However, is it not the purpose of holding a referendum to let the people of Canada have their say and, more importantly, to have what they say finally influence the law of the land. That is why we are debating this matter here today, and it is difficult for me to accept Mr. Andre's rationale of a totally unbinding referendum process. What is the point of a referendum which would be so flexible as to have no binding influence whatsoever on constitutional change? If we are told beforehand that our votes may mean nothing, why vote? If Canadians were to understand that their votes may not really have an effect in terms of resolving these constitutional issues, how could we hope to entice them to make the effort to go to the polls? In what frame of mind will they be if they do go to the polls, and what will that do to exacerbate the already distressing level of cynicism about politics which exists in every corner of this country today?

Another argument against including regional majorities in the legislation had to do with the question of how the votes are counted. The process would be administered by the chief electoral officer, who has made it very clear that he will, as he does in federal elections and by-elections, count the votes poll by poll.

It was suggested that it was somehow unacceptable to report a referendum on a national basis with a regional breakdown. Surely it is just a simple matter of arithmetic to add up those votes by riding, by province, by region, and nationally. In my mind, there can be no reasonable objection to this provision based on how the chief electoral officer counts those votes.

In this country, we have had two national referenda—or referendums; with all the debate in this Chamber in recent days, I am very confused about the proper term.

Senator Murray: I use referenda, too. That is my choice.

Senator Fairbairn: Thank you. Referenda is my preference.

We have had two national referenda, one on September 29, 1898 on prohibition, and one on April 27, 1942 on conscription during the Second World War.

In the prohibition case, no action was taken by the government following the vote. However, in the other case, as we all know, action was eventually taken and conscription was brought in against the wishes of a majority of Quebecers, and those feelings still remain strong in some circles today.

Although the latter was not a constitutional question, I raise it to illustrate a point. I believe there has developed in this country a view that if a majority of people in one region of Canada are opposed to a particular constitutional proposal, it should not proceed. I believe that without the provision for regional majorities in the legislation before us, the legitimacy of any result of a referendum vote would be seriously called into question by Canadians.

Let us say, hypothetically, that we have a national referendum on a compromise on Senate reform and a national majority approves the package. The majority of the Canadian people live, as we all know, in Ontario and Quebec. Let us say that in those two provinces, the majority favour the deal, but a majority of western Canadians oppose it. That is not a far-fetched hypothesis. The result could be that central Canada would have the ability to influence a critical constitutional change in spite of strongly held opposition in the outer regions of this country.

Senator Murray: The actual project of Senate reform would have to be approved by their provincial legislatures as well as Parliament. What my friend is suggesting is that the results of a national referendum of that kind might influence us in the government and Parliament. Perhaps they might, but at the end of the day, those provincial legislatures and what my friend calls the outer regions would still have to give their approval, or a sufficient number of them, in order to ratify the amendment.

Senator Fairbairn: I understand that perfectly, and that is in fact our current amending formula. However, when we talk of referenda, I think we must make a distinction between the governments and legislatures and the people. The referendum is a vote of the people of Canada. The argument here is that the people of Canada, by majority in their regions, must have the ability in a referendum, if it is to be a credible referendum, to have an influence on this Parliament and on the legislatures across the land.

Senator Frith: The legislatures were elected on a basis other than the question of the referendum. They have their role.

Senator Fairbairn: That is right. We are talking about two entirely different divisions. Very definitely, their deciding role on a constitutional amendment is clear. As we are suggesting, in this bill the people of Canada should also have a role through voting on a referendum.

Senator Murray: Why regional majorities? We do not have regional legislatures, we have provincial legislatures.

Senator Frith: All the more reason. That is a great argument. Thank you.

Senator Fairbairn: Exactly. All the more reason to have a regional majority, and maybe if the Leader of the Government will think about that for a minute, he might even prefer a regional majority in some cases.

At any rate, given the hypothesis that I was arguing in the case of the Senate issue, I believe that, if such a result of a majority in Ontario and Quebec versus an opposing majority in the outer regions were to come about, it would be extremely damaging in reality in terms of our national unity. In the hypothetical case that I just mentioned, it is the West that would be left out through that simple majority rule in the current legislation.

But how would the federal government respond to the results of a referendum on a question on which there was a majority in favour in the West, Ontario and Atlantic Canada, but not a majority in the Province of Quebec?

We, as Liberals, do not consider the proposal for a referendum as a means of doing an "end run" around the people in the Province of Quebec, or in any other region of Canada for that matter. We do not see it as a tool to pressure or divide premiers, or citizens, or regions.

Honourable senators, the other night Mr. Andre and I had a conversation about this issue in the committee. I simply want to refer to a couple of his remarks. He made it quite clear, for starters, that he is not a fan of referenda. He said:

> I hope we do not have a referendum. The fact of the matter is, a referendum would be a terrible thing. The fact of the matter is, a referendum is a dangerous thing to use.

We carried on our conversation. I suggested to him that, admittedly, the referendum is a very delicately balanced tool. I further suggested that to use it and then disregard the views of an important part of the country, wherever that part may be, would be a very dangerous and divisive act for any government to contemplate. Mr. Andre responded by saying:

> You are absolutely right. It would be very dangerous and very divisive. Any government would take that into account.

He went on to say:

> However, should any government decide to hold a referendum, they would clearly have to indicate the purpose, intent and how the results would be viewed to make it valid. Any gaps, regionally, provincially and so on, would profoundly affect the ability or the utility of the results.

Honourable senators, I would take the words of Mr. Andre as a very persuasive reason to have in this bill the provision for regional majorities. It is for that reason that I propose the following amendment. I move:

[Senator Murray.]

> That Bill C-81 be not now read the third time, but that it be amended on page 13 by adding immediately after line four the following:
>
> 12.(1) The Senate or the House of Commons shall not adopt any resolution during the life of the 34th Parliament authorizing the Governor in Council to issue a proclamation in order to amend the Constitution of Canada where the amendment would directly or indirectly be contrary to the opinion expressed in a referendum, by a majority of voters:
>
> (a) in Canada;
>
> (b) in the aggregate, in the provinces of New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland;
>
> (c) in the province of Ontario;
>
> (d) in the province of Quebec; or
>
> (e) in the aggregate, in the provinces of British Columbia, Alberta, Saskatchewan and Manitoba and in the Northwest Territories and the Yukon Territory.

The Hon. the Acting Speaker: It was moved by the Honourable Senator Murray, seconded by the Honourable Senator Balfour, that Bill C-81 be read the third time.

In amendment, it was moved by the Honourable Senator Fairbairn, seconded by the Honourable Senator Molgat:

> That Bill C-81 be not now read the third time, but that it be amended on page 13 by adding immediately after line four the following:
>
> 12.(1) The Senate or the House of Commons—

Senator Marchand: Dispense!

Hon. Lowell Murray (Leader of the Government): Honourable senators, before I address the amendment proposed by our colleague Senator Fairbairn, let me say in response to her remarks at the outset of her intervention that it is obvious that the essential difference between the government and our friends opposite involves the circumstances under which a referendum should be held.

Our friends opposite are of the view that, whatever the circumstances, a referendum is a good thing; that it is the preferred way to consult the people of Canada; and that the government should be obliged by the law to hold a referendum on the constitutional issues before ratification—that is, to hold a national referendum in every province on the constitutional issues that are now being discussed between the federal government and the provinces.

Our view is that this is a precautionary measure only. As I pointed out when I opened the debate on second reading, a number of provinces are obliged to hold referenda, on any constitutional amendment that is brought forward, before the legislation is ratified. There are circumstances, and I will not bother to enumerate them, in which a referendum would be

necessary or would be desirable either nationally or in one or more of the provinces.

However, the fact of the matter is that a referendum may not be necessary and may not even be desirable. It is one thing for a government, whether provincial or federal, to put forward a package of constitutional amendments and then find that these are opposed in all or part of the country. The remedy in that case lies with the electors at provincial and federal elections. If a government is defeated because of its constitutional position, so be it. That is not the end of the world, nor is it not the end of the country.

I put to it honourable senators that a referendum on a package of constitutional amendments, a referendum that addresses itself to the future existence of the country, is quite a dramatic step. There is not much that the government or Parliament or the legislatures or the country can do for an encore if we, on a national basis, put forward a referendum indicating that it is now or never, or that the fate of the country hangs in the balance. There is not much we can do for an encore if such a referendum loses. So it is a step to be embarked upon—as Senator Forsey used to say, in quoting the Anglican Church marriage service—not in any frivolous or hasty manner, but after the gravest consideration. I am paraphrasing the Anglican marriage service, of which I am not intimately familiar.

• (0950)

Having said that, I should also point out that Senator Fairbairn's desire to insist on a referendum in all of the country rather than perhaps part of it is not acceptable to the government. We want to keep all options open. We think it may be necessary and desirable to have a referendum in only part of the country.

In that respect, I may remind her that this provision in Bill C-81 is taken directly—and I suspect word for word—from a measure that she will be familiar with, and that is the referendum bill brought in by the Trudeau government in 1978, but not passed by Parliament at that time. That bill had a provision that would have enabled us to hold referenda either nationally or in a given province or provinces.

Honourable senators, it is the amendment proposed by Senator Fairbairn to which I wish to address myself briefly. I want to say very seriously that I believe that putting in a requirement for regional majorities in a bill of this kind would increase the chances of any referendum so conducted losing. The proposal by Senator Fairbairn for a reference to regional majorities in effect resurrects the Victoria amending formula of 1971 and applies it to a consultative referendum.

Let me say at the outset that I liked the Victoria amending formula of 1971. I liked the Victoria agreement of 1971. I rejoiced when it was arrived at. I thought mistakenly—not for the first time and, as it turned out, not for the last—that the Victoria agreement provided, finally, a means of stabilizing the constitutional situation in the country and reinforcing national unity. For reasons not necessary to recite here today, it was not to be.

The Victoria agreement and the Victoria amending formula have been overtaken by events. Not only did Quebec, in the final analysis, refuse to continue with it, in the Alberta provincial election of 1971, Mr. Lougheed, then the Leader of the Opposition, campaigned vigorously against the Victoria amending formula. He and Alberta, to name but one province, have been opposed to it in principle ever since. They believe that the idea of regional majorities contradicts a principle that is very dear to them, and that is the so-called "equality of the provinces". That opinion is held most strongly in Alberta, but it is echoed in Manitoba and Saskatchewan today, and most emphatically by the present premier and government of Newfoundland.

Indeed, during the 1980 to 1982 process, Premier Lougheed and colleagues from Western Canada fought very hard for this principle of the so-called "equality of the provinces". They fought very hard against an amending formula involving regional majorities, and they won out. They achieved a general amending formula providing for the approval of 7 provinces with at least 50 per cent of the population. They achieved, in the amending formula of 1982, the right of any province to opt out of any loss of its legislative jurisdiction to the federal Parliament. They achieved unanimity—that is, a veto for every province—on certain types of amendments relating to national institutions.

So the Victoria formula—the idea of regional majorities—is an idea whose time has come and, speaking personally, unfortunately has gone. It is no longer on the table. It has been overtaken by events, and I say that to resurrect it now, even for the purposes of a consultative referendum, is not a good idea. It would burden any referendum that might be held, perhaps even to the extent of causing that referendum to be lost because of the opposition that we know exists—at least in Alberta and some other parts of Western Canada and Newfoundland—to this idea of regional majorities.

In parentheses, I might say, in the absence of our friend and colleague Senator Carney, that when Senator Fairbairn suggests regional majorities based on four regions, she will run into very stiff argument from the province of British Columbia, not only from its one Tory senator but from others, including the government of that province who consider their province to be a region. There are almost 3 million people now in British Columbia, and they regard themselves as a region. While they are not opposed to the idea of regional majorities, they would insist that they be considered a region in any such formula.

Finally, in making the point that we should not be obliged to hold a referendum, while one may be necessary or desirable in all or part of the country, I must repeat again the point that referenda are not part of our amending formula. Mr. Trudeau put forward the idea of a referendum as a formal part of the amending formula in the 1980-82 process, but he thought better of it and withdrew it eventually. This was done after due consideration by the federal government and the provinces.

So while there may be some value in a referendum, and while we think it is only prudent and reasonable to equip ourselves with the power to call one if necessary, we are not prepared to bind ourselves to it; still less are we prepared to burden any such referendum by resurrecting a regional-majorities formula which has been overtaken by events and could only make a referendum campaign more difficult. It would introduce elements to the campaign that I know, and I think a number of others know, are divisive.

Honourable senators, that is all I have to say about this amendment. I understand there may be other amendments proposed by our friends opposite today or on the next day, and we look forward to discussing those.

Some Hon. Senators: Hear, hear!

Hon. Allan J. MacEachen: Honourable senators, I wish to ask the Leader of the Government a question following his analysis of the inappropriateness of legally or constitutionally establishing regional majorities.

Would he not agree that, politically, quite apart from what the Constitution or the law says, a national referendum on any subject that was defeated in any particular section of the country—for example, Quebec, Ontario or the Atlantic—would in itself impose that result upon any government or Parliament? The politics of the country, in a sense, support very strongly the argument that might be made constitutionally and which might be rejected for the reasons that the minister has stated.

• (1000)

Senator Murray: I think we both understand the political realities in the country. However, I would not want to try in advance to quantify the situation in such a way as to say what we, as a federal government, should do, if there were a small regional majority in, say, the western region as defined by Senator Fairbairn, but two provinces had voted against the referendum. I would not want to make that decision now in a vacuum. I have an idea what the provincial governments of those provinces might do. I think they would be disinclined to proceed with an amendment that had been opposed by a majority of their voters. There is political reality and I accept that, but part of the political reality is the opposition, which I have described, to the idea of regional majorities; the opposition, especially in Alberta and Manitoba, Saskatchewan to a lesser extent, and Newfoundland emphatically, to the idea of regional majority even in a consultative referendum.

Hon. Philippe Deane Gigantès: Would the obverse of what the Leader of the Government has just said also apply in his view? In other words, if one or two provinces produce a majority for an amendment and the premier does not like it—I am not asking the honourable senator to name a premier—might that influence the premier to change his stand?

Senator Murray: I think it would influence the premier or premiers to change their stand, if they were satisfied that the referendum had been conducted properly, that there had been a fair turn out and so forth. I hope it would have some influence on the premier and government of the province, yes, under those circumstances.

[Senator Murray.]

[*Translation*]

Hon. Gérald-A. Beaudoin: Honourable senators, I have a question, and it is directed to Senator Fairbairn who moved an amendment.

If the government decides to hold a referendum in all or some of provinces, the issue of double or quadruple majorities becomes totally irrelevant because, assuming the referendum were held in some provinces and not in others, there would be a contradiction in our referendum legislation if it were to prescribe a double or quadruple majority.

I agree the decision is a political one. However, the bill before us today has taken what I would call the flexibility option, in that the referendum could be either truly national or it could be held only in certain provinces. And in the latter case, how can you prescribe a double or quadruple majority?

My second point concerns the wording of the proposed amendment. According to the constitutional amending formula of 1982, the government and the Parliament of Canada have the right to propose an amendment. This is done in the form of a motion in the Senate and the House of Commons.

If I understood Senator Fairbairn's proposal correctly, the bill would say that no motion for an amendment would be introduced unless supported by a majority in four regions. Isn't this a way to indirectly amend the amending formula? At the present time, the Parliament of Canada may at any time adopt a motion in the Senate and the House of Commons to amend the Constitution. There are no conditions

One can always stipulate certain conditions in a statute, but this will not change the Canadian Constitution. According to the Constitution, both Houses have the right to introduce a motion to amend. I think we have a problem here.

[*English*]

You cannot amend the amending procedure by a simple statute. If you want to restrict the right of the Senate and the House of Commons to initiate an amendment, you cannot do it by a simple statute or by an amendment to a statute. You have to amend the formula of amendment itself. Therefore, I would like to know whether or not the purpose of your amendment is to restrict the right of initiative of the federal houses in the amending procedure.

Senator Fairbairn: Honourable senators, on the first question, in which the honourable senator referred to the bill and its ability to allow for referenda in more than one province, nationally or in one province, those matters were raised as well at the committee the other night.

Senator Beaudoin: I was there.

Senator Fairbairn: Yes, I know. I think there is a great uncertainty in the minds of senators on this side of the house—and nothing that Mr. Andre said relieved that uncertainty—as to how you realistically play around with one referendum in one province and another referendum in another province. He did indicate, on the one hand, that if we were thinking of a referendum in provinces where they are obliged to have one, like British Columbia, Alberta and, I believe, Newfoundland—

Senator Beaudoin: Or perhaps Quebec.

Senator Fairbairn: Whichever province was alluded to, he indicated that the way in which it would be done is that the question would be the same as the question in the other provinces.

With respect to the other one, where he appeared to be referring perhaps to Newfoundland, was when he was talking about a province asking "mischievous" questions. He said then the federal government ought to have the ability to ask what it considered to be a proper question which, of course, in the mind of the province might be a mischievous question.

In that sense, I think the belief of people on this side is that a national referendum should be a national referendum and not tested out in bits and pieces in individual provinces, although I will concede that a province that is obliged to have such a referendum and shares the national question is a different case altogether.

On the question of trying to amend the Constitution indirectly through this proposition, that cannot be the case. The Constitution is clear; the amending formula is clear. What is being proposed—and the government has said this over and over again—in the case of a referendum is that this is a consultative process.

We are not suggesting that we go beyond the referendum bill as it exists. We are saying that within that bill there should be some provision whereby, if in the process of that consultation the results are severely divided, this should have an impact on the federal government in deciding whether or not to go ahead with proposing an amendment under the amending formula of the Constitution. There is no question of trying, indirectly, to produce a constitutional amendment.

Senator Beaudoin: I would like to be clear on this. Nothing would prevent a province or the federal authority from having a consultative referendum on the future of Canada. We all agree that it is purely consultative. As a result of a referendum, the federal authority will interpret the will of Canadians all across this country. That is the first step, if ever we have a referendum.

The second step is obviously the amending procedure. If the House of Commons and the Senate are proposing and adopting a resolution to have an amendment to the Constitution of this country, we just follow the rules of the Constitution Act of 1982. Those rules are mandatory. We have no choice but to follow the formula of amendment. Major amendments have to be adopted either under the general 7/50 rule or the unanimity rule for the right of veto, or in relation to the Supreme Court. We are bound by that obligation.

So the two processes are quite different. One is consultative and mainly political, the other one is legal and constitutional. To say in a statute that the government shall not take the initiative of amending the Constitution by adopting a resolution in both houses depending on the results of a referendum, is not binding on the government because, under the Constitution, Parliament has the power to go ahead. Saying in a statute that it does not have that power does not change the Constitution of the country as it has been since 1982.

I understand your point of view, but the choice is purely a question of politics. In other words, nothing would preclude the Prime Minister of Canada from declaring solemnly in the House of Commons the way in which he intends to interpret a referendum that is purely consultative. However, the fact is that, even if a referendum is of the utmost importance, and even if we have to be very prudent, to change the Constitution of Canada we will always have to follow the Constitution Act of 1982. That is all I have to say on the proposed amendment.

The Hon. the Speaker: Honourable senators, it is moved by the Honourable Senator Murray, P.C., seconded by the Honourable Senator Lynch-Staunton, that this bill be read the third time.

In amendment, it is moved by the Honourable Senator Fairbairn, seconded by the Honourable Senator Molgat:

> That Bill C-81 be not now read the third time, but that it be amended on page 13 by adding immediately after line 4 the following:
>
> 12.1 The Senate or the House of Commons shall not adopt any resolution during the life of the 34th Parliament authorizing the Governor in Council to issue a proclamation in order to amend the Constitution of Canada where the amendment would directly or indirectly be contrary to the opinion expressed, in a referendum, by a majority of voters
>
> (a) in Canada;
>
> (b) in the aggregate, in the provinces of New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland;
>
> (c) in the province of Ontario;
>
> (d) in the province of Quebec; or
>
> (e) in the aggregate, the provinces of British Columbia, Alberta, Saskatchewan and Manitoba and in the Northwest Territories and the Yukon Territory.

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 say, "yea".

Some Hon. Senators: Yea.

The Hon. the Speaker: Will those honourable senators who are opposed to the motion say, "nay".

Some Hon. Senators: Nay.

The Hon. the Speaker: In my opinion, the "nays" have it.

And two honourable senators having risen:

Senator Molgat: I propose that the vote be deferred.

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

Senator Lynch-Staunton: Agreed.

The Hon. the Speaker: Would 5.30 p.m. on Monday be a satisfactory time?

Senator Molgat: We may have a small problem with that. There will be further amendments moved. I think, according to the *Rules of the Senate*, the vote must take place at the next sitting of the Senate at 5.30. However, it might be more sensible to vote on all the amendments consecutively, and I cannot guarantee that they will all be dealt with by 5.30 on Monday. I suppose we can agree to the time of 5.30 on Monday and if, by unanimous consent, at that time we to defer further, we could do so.

Senator Lynch-Staunton: Yes. Another alternative is to defer the vote till 9 o'clock in the evening, since we will be reconvening at 8 o'clock.

Senator Molgat: Under the Rules of the Senate, I think we can only do that by unanimous consent, but it is agreeable to me to defer the vote until 9 o'clock on Monday evening.

Senator Lynch-Staunton: How long should the bell ring?

Senator Molgat: Perhaps half an hour would suffice.

Senator Lynch-Staunton: So we will interrupt the proceedings at 8.30 and vote at 9 o'clock.

The Hon. the Speaker: Is that unanimously agreed, honourable senators?

Hon. Senators: Agreed.

Senator Lynch-Staunton: We will meet at 8 o'clock, ring the bell at 8.30, and vote at 9 o'clock.

• (1020)

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

TWENTY-SEVENTH REPORT OF COMMITTEE ADOPTED

The Senate proceeded to consideration of the twenty-seventh report of the Standing Senate Committee on Internal Economy, Budgets and Administration (budget—Standing Senate Committee on Fisheries), presented in the Senate on June 18, 1992.

Hon. Eileen Rossiter: Honourable senators, I move the adoption of this report.

The Hon. the Speaker: Honourable senators, is it your pleasure to adopt the motion?

Motion agreed to and report adopted.

MOTOR VEHICLE SAFETY BILL

REPORT OF COMMITTEE ADOPTED

The Senate proceeded to consideration of the seventeenth report of the Standing Senate Committee on Legal and Constitutional Affairs (Bill S-8, An Act to regulate the manufacture and importation of motor vehicles and motor vehicle equipment to reduce the risk of death, injury and damage to property and the environment—with certain amendments), presented in the Senate on June 17, 1992.

Hon. Mabel M. DeWare: Honourable senators, I move the adoption of this report.

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

Motion agreed to and report adopted.

THIRD READING

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

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, this bill originated in the Senate, and, with leave of the Senate, I ask that the bill be read the third time now. I do so in order that it may return to the House of Commons in time for it to be disposed of there before the summer recess.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, under the circumstances, and reluctantly, I agree to grant leave.

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

Hon. Senators: Agreed.

Motion agreed to and bill read third time and passed.

LEGAL AND CONSTITUTIONAL AFFAIRS

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

Leave having been given to revert to Notices of Motions.

Hon. Mabel M. DeWare: Honourable senators, with leave of the Senate, and notwithstanding rule 59(1)(*a*), I move:

> That the Standing Senate Committee on Legal and Constitutional Affairs be granted leave to meet on Monday at 4 p.m., even though the Senate may then be sitting.

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

Motion agreed to.

MR. BORIS YELTSIN PRESIDENT OF RUSSIA

ADDRESS TO MEMBERS OF THE SENATE AND OF THE HOUSE OF COMMONS

The Hon. the Speaker: Honourable senators, before the motion to adjourn is put, I wish to remind you that in just a few moments Mr. Boris Yeltsin will be addressing the members of both houses.

(For text of speech, see Issue No. 86.)

The Senate adjourned until Monday, June 22, 1992, at 2 p.m.

THE SENATE

Monday, June 22, 1992

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

Prayers.

SENATORS' STATEMENTS

GENERAL ELECTION

NUMBER OF DAYS LEFT IN CURRENT TERM

Hon. Royce Frith (Leader of the Opposition): Honourable senators, Senator Murray's democrats have, as of Monday, June 22, 1992, 152 days until election day. His government, however, if cowardly and contemptuous of democracy, has 538 days.

ROUTINE PROCEEDINGS

STATUS OF THE ARTIST BILL

REPORT OF COMMITTEE

Hon. Noel A. Kinsella, Acting Chairman of the Standing Senate Committee on Social Affairs, Science and Technology, presented the following report:

Monday, June 22, 1992

The Standing Senate Committee on Social Affairs, Science and Technology has the honour to present its

NINTH REPORT

Your Committee, to which was referred the Bill C-7, An Act respecting the status of the artist and professional relations between artists and producers in Canada, has, in obedience to its Order of Reference of Thursday, June 18, 1992, examined the said Bill and now reports the same without amendment.

Respectfully submitted,

NOEL A. KINSELLA
Acting Chairman

The Hon. the Speaker: When shall this bill be read the third time?

On motion of Senator Frith, for Senator Chaput-Rolland, bill placed on Orders of the Day for third reading at the next sitting of the Senate.

[*Translation*]

GOODS AND SERVICES TAX

PRESENTATION OF PETITIONS

Hon. Jacques Hébert: Honourable senators, I have the honour to present petitions signed by 508 citizens of British Columbia who oppose the goods and services tax.

These petitions come mainly from Kamloops, Victoria and Brentwood Bay.

I also have the honour to present petitions signed by 551 citizens of British Columbia who oppose the goods and services tax.

These petitions come mainly from Kamloops.

I also have the honour to present petitions signed by 558 citizens of British Columbia who oppose the goods and services tax.

These petitions come mainly from Kamloops.

I have the honour to present petitions signed by 75 citizens of Ontario who oppose the goods and services tax.

These petitions come mainly from Toronto and Thornhill.

I have the honour to present petitions signed by 75 citizens of Ontario who oppose the goods and services tax.

These petitions come mainly from Toronto, Mississauga and Scarborough.

Finally, I have the honour to present petitions signed by 75 citizens of New Brunswick who oppose the goods and services tax.

These petitions come mainly from Saint John. This makes a total of 1,842 petitioners.

QUESTION PERIOD

[*English*]

SENATE REFORM

MINISTER'S STATEMENT—GOVERNMENT POSITION

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, my question is for the Leader of the Government. A heading in the *Financial Post* of June 16 reads "Jelinek on the Senate: Who cares?" The report goes on to say:

The debate over Senate reform is too silly to hold up a new constitutional deal because no one cares about the upper house anyway, Revenue Minister Otto Jelinek said yesterday.

Senator Perrault: Shocking.

Senator Molgat: We all know that the press takes liberties at times with headlines and with statements, but this is a quotation so I assume it is safe to depend on it.

"I can't believe that this country is potentially on the verge of breaking up because of the Senate," Jelinek told a meeting of chartered accountants. "Who cares?"

Senator Simard: He said he was speaking for himself.

Senator Molgat: I was under the impression that the Prime Minister did care, that the Senate did care, and that a good number of provincial premiers do care.

My question is this: Is Mr. Jelinek speaking for the government when he makes those statements?

Hon. Lowell Murray (Leader of the Government): Honourable senators, I have not had an opportunity to examine the transcript, if one is available, of Mr. Jelinek's remarks. A quick, superficial reading of the press report would indicate to me, however, that he is taking up, in more colourful language, a theme that has been expressed by a number of the participants in the negotiations within the last little while.

Senator Perrault: He is an unguided missile; that is what he is.

Senator Murray: The theme is that it would be bizarre, to put it mildly, if one of the most favoured nations on earth were to come to the verge of division or collapse because of a disagreement over one of the Houses of its Parliament.

Senator Frith: What he needs is a new writer—like you, for example.

Senator Molgat: No one wants to see the country split up over any issue—and there are a number of them; but this is one issue in which, in particular, the western part of the country has a very definite interest. It has expressed its concern about Senate reform from the very beginning of the discussions on constitutional reform. This issue is not something new.

Is it fitting for a cabinet minister—

Senator Simard: He said he was speaking for himself!

Senator Molgat: —to deal with an issue of major importance to a vast section of the country in such a trivial way?

Senator Perrault: They should fire him out of the cabinet.

Senator Murray: I appreciate the concern in Western Canada, particularly in Alberta, concerning Senate reform. However, as I pointed out in the course of debate a week or so ago, the Senate reform issue is new when compared to other items on the table, including the relationship of Quebec to the rest of the country and the claims of the aboriginal peoples.

As I pointed out, Senate reform was not on the western agenda during the 1980-82 round; it was not on the western agenda at all. A number of other things were on the western agenda, and the western provinces succeeded in the 1982 round in achieving their objectives.

They included the amending formula, the natural resources amendment and the notwithstanding clause in the Charter of Rights and Freedoms, and so forth. So the Senate reform item, while it is not new, is relatively new. Having said that, I think the honourable senator would find that even in Alberta, where the proponents of a Triple-E Senate are the strongest, the people would not be willing to see the country break up over that issue.

Senator Molgat: The issue is not the country breaking up over the matter; the issue is that this cabinet minister is saying that nobody cares. If that is the attitude of the government, let me tell the honourable senator that the view that has been voiced by western Canadians for many years is that it is the same old traditional problem: that the people in this part of the country—we call them eastern Canadians out west, but I think my maritime friends call them central Canadians—are simply not listening to what is going on in the rest of the country.

Senator Perrault: Nobody cares about awkward Ottawa!

DELAYED ANSWERS TO ORAL QUESTIONS

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, I have several delayed answers to oral questions. One was asked on June 3 by Senator Molgat, regarding the responsibility for social assistance to Indians in urban centres; another was asked on June 11 by Honourable Senator Simard, regarding the goods and services tax; Senator Bosa asked one on June 12, regarding the report on race relations in Ontario; another was asked on June 15 by Senator Hastings, regarding the incident at the Saskatchewan Penitentiary; and on June 18 a question was put by Senator Gigantès regarding the effect of unemployment on consumer spending.

INDIAN AFFAIRS

RESPONSIBILITY FOR SOCIAL ASSISTANCE TO INDIANS IN URBAN CENTRES—GOVERNMENT POSITION

(*Response to question raised by Hon. Gildas L. Molgat on June 3, 1992*)

Under the *Constitution Act, 1867*, provinces are assigned exclusive legislative authority over social service matters.

All provinces accept responsibility for providing social services to off-reserve Indians. However, some provinces (particularly in the West) do not accept *financial* responsibility until twelve months after an Indian has moved off the reserve and expect the Department of Indian Affairs and Northern Development (DIAND) to pay 100 percent of these costs. In Manitoba, residency (for social assistance purposes) is established by being self-supporting for 12 months.

With the introduction of universal social assistance in the 1960s, reluctance in some provinces to provide services on reserves placed DIAND in the position of having to provide basic welfare services on reserve. On-reserve social assistance benefits continue to be funded by DIAND.

In the early 1970s, with increased migration to urban areas, DIAND began to reimburse the Province of Manitoba and municipalities for off-reserve social assistance provided to Indian people, in order to avoid individuals in need being caught in a jurisdictional dispute over who pays.

By 1989, administrative arrangements had been formalized between the Province and DIAND for off-reserve services. This enabled DIAND to reimburse the Province and municipalities 100 percent of their costs for social assistance benefits provided to Indian people.

As of April 1991, DIAND had to cease paying Manitoba for off-reserve child and family services ($4.2 million per year), because such arrangements were found to be illegal under the Canadian Assistance Plan (CAP) legislation.

In March 1991, Minister Siddon informed provincial Minister Gilleshammer of a federal Cabinet decision to end DIAND payments for off-reserve social services. Minister Siddon indicated that the federal government expected provincial governments to provide the same social services to Indian people residing off-reserve as available to other residents of the province.

At the time, Minister Siddon reassured the Province and Assembly of Manitoba Chiefs that the federal government accepted financial responsibility for social services to Indians living on-reserve.

On February 18, 1992, as a follow-up to communication between DIAND and Manitoba at the Deputy and Ministerial level, the department's Regional Director General served written notice of the termination of the administrative arrangement for off-reserve social assistance effective March 31, 1992.

Throughout discussions, Manitoba did not accept the federal action, indicating that the federal government has a special financial responsibility for social assistance and social services to Indians, regardless of where they live by virtue of the Constitution, the *Indian Act*, and the Crown's treaties with First Nations.

Legal precedent supporting the federal position has been established in the area of child welfare where the issue of jurisdiction is similar. A number of court decisions have indicated that, where the federal Parliament has not substantially legislated in the area, provincial legislation of general application is applicable.

Manitoba's initial reaction to Cabinet's decision was to advise its municipalities to continue to bill DIAND for off-reserve costs of social assistance. However, on May 25, 1992, the provincial government reversed that earlier decision and announced it would reimburse municipalities for these costs on a without prejudice basis until the matter was resolved.

[Senator Lynch-Staunton.]

Negotiations on off-reserve services: National overview

In Alberta, negotiations have resulted in an agreement which was signed in December 1991.

In Saskatchewan, the provincial and federal governments have entered into discussions regarding a range of social services to Indians.

In British Columbia, the federal government has called for formal negotiations to begin regarding the financing of a full range of social services on and off-reserve. Discussions on the matter are expected to resume in the near future.

In Nova Scotia, federal and provincial officials are close to recommending the final wording of an agreement.

GOODS AND SERVICES TAX

REVENUE CANADA—REMISSION OF COLLECTED TAXES

(Response to question raised by Hon. Jean-Maurice Simard on June 11, 1992)

The concerns with respect to the perceived non-compliance is somewhat unfounded since it appears that the recently released non-compliance rates are being misinterpreted.

It should be noted that as many as forty per cent of the GST returns outstanding are actually from businesses that will be filing credit or zero balance returns. In addition the vast majority of returns outstanding represent relatively insignificant amounts of tax owing.

The actual percentage of registrants who have neglected to remit tax that they have collected is less than 6 per cent.

Non-compliance rates (failure to file and/or pay) in other sales tax jurisdictions have been found to be as high as 20 to 25 per cent.

It is the experience of the Department of National Revenue that the vast majority of registrants willingly comply with the law when made aware of their obligation to do so.

The department of Revenue has sophisticated and comprehensive programs to detect instances of non-compliance, initiate action to ensure adherence with filing and paying responsibilities and encourage continued compliance with these obligations.

Some of the measures included in these programs include:

- A multi-phased Collections Program which includes the computer issuance of letters and notices, direct telephone contact and/or personal contact by experienced collections officers;

- depending on the compliance history of the registrant and the severity of the delinquency, the registrant may be subject to immediate collection action to the full extent of the law;

- non-compliance with the *Excise Tax Act* will result in penalty and interest charges;

- in addition, the *Excise Tax Act* empowers officers of the Department of National Revenue, Customs and Excise, with legal collection tools such as garnishment and seizure and sale of assets which are used, when necessary, to ensure compliance with the law;

- an audit program which selects returns for verification to ensure that returns have been properly prepared by the registrants and all the tax collected by the registrants has been declared and remitted to Revenue Canada;

- a Special Investigations Program which involves in depth analysis and investigative techniques designed to detect, prosecute, and penalize instances of covert action with respect to the collection, reporting and remittance of GST.

- penalty provisions are included in the *Excise Tax Act* for application in instances where appropriate to deter future instances of non-compliance.

With respect to the Goods and Services Tax, the Department of National Revenue has been administering the tax for a period of less than 18 months.

However, the department is confident that the legislative tools and administrative provisions contained within the *Excise Tax Act* are sufficient to ensure the proper administration of the Goods and Services Tax.

JUSTICE

REPORT ON RACE RELATIONS IN ONTARIO—GOVERNMENT POSITION

(*Response to question raised by Hon. Peter Bosa on June 12, 1992*)

The federal government has undertaken several measures to fully implement the objectives of the Employment Equity Act. The Treasury Board President Gilles Loiselle, recently announced that the federal government will convert employment equity regulations for its employees into law. He also said regulations already in place make the federal government a stricter adherent to employment equity than any employer in Canada. The government is also preparing an answer to the Report of the Special Committee on the Review of the Employment Equity Act, *A matter of fairness*. This answer should be ready this fall. It is expected to bring more concrete solutions to the enforcement of the legislation.

PENITENTIARIES

REQUEST FOR REVIEW OF GOVERNMENT POSITION ON INQUIRY INTO INCIDENT AT SASKATCHEWAN PENITENTIARY

(*Response to question raised by Hon. Earl A. Hastings on June 15, 1992*)

The government does not support the request for a judicial inquiry into the serious incident which occurred at Saskatchewan Penitentiary. This position is supported by the information brought forward by the Coroner's inquest into the two deaths and the internal inquiry by the Correctional Service of Canada (CSC) into the hostage taking.

The Solicitor General's previously-stated position was based on more information than that which was brought out at the Coroner's inquest. While the findings of the Coroner's inquest were in fact reviewed, the position was also supported by the results of CSC's internal investigation into the hostage taking. CSC's investigation was particularly thorough and objective, and the investigating team included a former Assistant Commissioner of the R.C.M.P.

At this time, the Correctional Investigator does have a few outstanding concerns in relation to the hostage taking. He is in the process of resolving these with the Commissioner of Corrections. If the Correctional Investigator is not satisfied with the Commissioner's response to these issues, he has the authority to take them to the Solicitor General to seek their resolution.

It is the government's position that the concerns put forward have been addressed by the appropriate authorities and that internal mechanism such as the Office of the Correctional Investigator are working to ensure that unresolved matters are dealt with appropriately. Given this factor and the lack of any new information, the government is not prepared to request a judicial inquiry into the incident.

THE ECONOMY

UNEMPLOYMENT—EFFECT ON CONSUMER SPENDING

(*Response to question raised by Hon. Philippe Deane Gigantès on June 18, 1992*)

The tables below give an overview of the historical accuracy of the OECD and IMF Gross Domestic Product projections as well as the actual GDP yearly results.

Both the OECD and the IMF underestimated the strength of the expansion period (1986 to 1988), but overestimated growth as the economy slowed and fell into recession (1989 to 1991).

OCDE Forecast	1986	1987	1988	1989	1990	1991	1992	1993
Mid 1985	3.3							
mid 1986	3.8	3.3						
mid 1987	—	2.5	2.8					
mid 1988	—	—	4.0	3.3				
mid 1989	—	—	—	3.3	2.3			
mid 1990	—	—	—	—	2.0	2.6		
mid 1991	—	—	—	—	—	-1,0	3.1	
mid 1992	—	—	—	—	—		2,4	4.3
Actual	3,3	4.2	4.7	2.5	0.5	-1.5	—	—

IMF Forecast	1986	1987	1988	1989	1990	1991	1992	1993
Spring 1985	2.6							
Spring 1986	3.3	3.3						
Spring 1987	—	2.0	3.0					
Spring 1988	—	—	3.4	3.1				
Spring 1989	—	—	—	2.9	2.5			
Spring 1990	—	—	—	1.6	3.1			
Spring 1991	—	—	—	—	-1,1	3.6		
Spring 1992	—	—	—	—	—		2.3	4.9
Actual	3,3	4.2	4.7	2.5	0.5	-1.5	—	—

Forecast Accuracy — Real GDP Growth

Year	Actual	Finance Department	Consensus*
1985	4.8	3.1	3.3
1986	3.3	3.7	3.6
1987	4.2	2.8	2.4
1988	4.7	2.8	2.6
1989	2.5	3.0	2.9
1990	0.5	1.3	1.1
1991	-1.5	-1.0	-0.7

(*) Consists of an average from 14 private sector forecasts

The accuracy of the Department of Finance's economic forecasts

(average of seven one-year ahead forecasts, 1985-1991)

	Average Finance Projection	Actual Average
Real GDP growth	2.2	2.6

[Senator Lynch-Staunton.]

ROUTINE PROCEEDINGS

TRANSPORTATION OF DANGEROUS GOODS BILL, 1992

REPORT OF COMMITTEE

Leave having been given to revert to Presentation of Reports from Standing or Special Committees

Hon. Donald H. Oliver, Chairman of the Standing Senate Committee on Transport and Communications, presented the following report:

MONDAY, June 22, 1992

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

ELEVENTH REPORT

Your Committee, to which was referred the Bill C-45, an Act to promote public safety in the transportation of dangerous goods, has, in obedience to the Order of Reference of Tuesday, June 16, 1992, examined the said Bill and now reports the same without amendment.

Respectfully submitted.

DONALD H. OLIVER
Chairman

The Hon. the Speaker: When shall this bill be read the third time?

On motion of Senator Oliver bill placed on the Orders of the Day for third reading at the next sitting of the Senate.

TRANSPORT AND COMMUNICATIONS

SUBJECT MATTER OF BILL C-62, RESPECTING TELECOMMICATIONS—REPORT OF COMMITTEE PRESENTED

Hon. Donald H. Oliver: Chairman of the Standing Senate Committee on Transport and Communications, presented the following report:

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

NINTH REPORT

Your Committee, to which was referred the study of the subject matter of Bill C-62, An Act respecting telecommunications, has in obedience to the Order of Reference of March 25, 1992, examined the said bill and now reports the same with certain recommendations.

Respectfully submitted,

DONALD H. OLIVER
Chairman

The Hon. the Speaker: When shall this report be taken into consideration?

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

OIL AND GAS PRODUCTION AND CONSERVATIONACT

BILL TO AMEND—REPORT OF COMMITTEE

Hon. Dan Hays, Chairman of the Standing Senate Committee on Energy, the Environment and Natural Resources, presented the following report:

MONDAY, June 22, 1992

The Standing Senate Committee on Energy, the Environment and Natural Resources has the honour to present its

FOURTH REPORT

Your Committee to which was referred the Bill C-58, An Act to amend the Oil and Gas Production and Conservation Act and other Acts in consequence thereof, has, in obedience to the Order of Reference of Tuesday, June 16, 1992, examined the said Bill and has agreed to report the same without amendment.

Respectfully submitted,

DANIEL HAYS
Chairman

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

On motion of Senator Hays, bill placed on the Orders of the Day for third reading at the next sitting of the Senate.

ENERGY EFFICIENCY BILL

REPORT OF COMMITTEE

Hon. Dan Hays, Chairman of the Standing Senate Committee on Energy, the Environment and Natural Resources, presented the following report:

MONDAY, June 22, 1992

The Standing Senate Committee on Energy, the Environment and Natural Resources has the honour to present its

FIFTH REPORT

Your Committee to which was referred the Bill C-41, An Act respecting the energy efficiency of energy-using products and the use of alternative energy sources, has, in obedience to the Order of Reference of Thursday, June 18, 1992, examined the said Bill and has agreed to report the same without amendment.

Respectfully submitted,

DANIEL HAYS
Chairman

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

On motion of Senator Hays, bill placed on the Orders of the Day for third reading at the next sitting of the Senate.

ORDERS OF THE DAY

REFERENDUM BILL

THIRD READING—MOTION IN AMENDMENT—DEBATE CONTINUED—DIVISION DEFERRED

On the Order:

Resuming the debate on the motion of the Honourable Senator Murray, P.C., seconded by the Honourable Senator Lynch-Staunton, for the third reading of Bill C-81, An Act to provide for referendums on the Constitution of Canada.

And on the motion in amendment of the Honourable Senator Fairbairn, seconded by the Honourable Senator Molgat, that Bill C-81, be not now read a third time but that it be amended on page 13 by adding immediately after line 4 the following:

12.1 "The Senate or the House of Commons shall not adopt any resolution during the life of the 34th Parliament authorizing the Governor in Council to issue a proclamation in order to amend the Constitution of Canada where the amendment would directly or indirectly be contrary to the opinion expressed, in a referendum, by a majority of voters

(*a*) in Canada;

(*b*) in the aggregate, in the Provinces of New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland;

(*c*) in the Province of Ontario;

(*d*) in the Province of Quebec; or

(*e*) in the aggregate, the Provinces of British Columbia, Alberta, Saskatchewan and Manitoba and in the Northwest Territories and the Yukon Territory." —

Hon. Royce Frith (Leader of the Opposition): Honourable senators, in this chamber we often see legislation that has its beginnings rooted in a good idea. Bill C-81 is one such example. In fact, Bill C-81 has as its foundation not just a good idea but an important principle, namely, the right of Canadians to decide for themselves whether their government's decision on a matter of vital national importance is the correct one.

Unfortunately, as is often the case with this government, when the legislative language is examined little remains of the principle, and, to make matters worse, hostility meets any attempt to bring the legislation into closer conformity with the principle espoused. That is precisely what we are facing with respect to Bill C-81.

The apparent principle underlying the legislation is sound. Canadians should be given the opportunity to determine whether their government is proposing the right solution to the problem of how their country should be governed.

Canadians have watched, year, after year, after year, after year, their top elected representatives engaged in bewildering talks, conferences, meetings and negotiations. But, of course, the stakes are very high. The dish that will eventually be served could either nourish our country or slowly poison it. To continue the metaphor, for years the political chefs have toiled in the kitchen and soon Canadians will be invited to taste and pronounce on their creation. Bill C-81 enables them to be asked for that pronouncement.

● (1420)

On Friday last, Senator Fairbairn explained why the Liberal Party believes that there must be a binding national referendum with provisions for regional majorities, before any agreement among politicians is enshrined into our Constitution. She accurately characterized the reasoning behind the government's refusal to make any such commitment as reluctance to let the people's views get in the way of whatever the government decides it wants to do. Although Bill C-81 provides the framework for a national referendum, it is structured in such a way that force-feeding on a regional or even a national scale is possible.

To return to the earlier metaphor, the government is retaining the option of dragging Canadians to the unity feast if it appears that they may not dine voluntarily or, in the word of the Prime Minister, "enthusiastically". For, although Bill C-81 provides that a referendum may be held, it need not be held; and, if it is held, it will not be binding. What we get then is a glorified, or slightly glorified, national public opinion poll, or perhaps not even that. It could be a very localized opinion poll, because there is nothing to prevent the federal government from holding a referendum in only one region of the country, or for that matter, in one province.

In the Senate committee, as reported at page A-29, the Honourable Harvie Andre admitted that "this act makes it possible." He went on to say that "the probability of that is very, very low" but "when you are doing enabling legislation you should have the flexibility." In his remarks on Friday, Senator Murray also spoke of a referendum "either nationally or in one or more provinces." He said it might be "desirable to have a referendum in only one part of the country." That is quite a concoction we are asked to swallow.

Senator Fairbairn's amendment is designed to bring the legislation closer to the principle of the right of a nation's citizens to participate, through a referendum, in a decision that will have a profound impact on the country. It calls for a binding, national referendum, with regional majorities, before any resolution to amend the Constitution could be adopted by either House of Parliament.

What was the government's response? Well, here it is from Senator Murray. He said:

> It is one thing for a government—whether provincial or federal—to put forward a package of constitutional amendments and to find that these are opposed in all or part of the country. The remedy in that case lies with the electors at provincial and federal elections. If a government is defeated because of its constitutional position, so be it. That is not the end of the world, nor is it the end of the country."

[Senator Frith.]

What does that mean? A constitutional package is unveiled and it is opposed by the citizens. Senator Murray says it could be opposed "in all or any part of the country." What would be done then? It would be enshrined anyway? Enshrine the package in our Constitution over the objections of the people of Canada and leave it for reversal by the people at the next election?

Senator Murray: That's why our friends in 1982 provided for a three-year delay.

Senator Frith: Yes, quite. There is something about that too, which I am sure will come into the debate. Just how it relates to what we are talking about here, I am not clear, but I am sure it will be made clear. It will be made clear that the people are—at the next election, I guess—to reverse a constitutional amendment enshrined in spite of their vote against that amendment during a national referendum.

Of course, constitutionally, an amendment cannot be "unenshrined"—if there is such a word—by an election. However, even if it could be by implementing a decision at an election, is that a justification for telling the people that they are being asked for their opinion, but that their opinion will not necessarily be taken into account, and that, if it is rejected directly and replaced by something that they did not vote in favour of, they will have to swallow it and try to throw it up again at the next election?

Senator Murray himself acknowledged that ". . . a referendum that addresses itself to the future existence of the country, is quite a dramatic step." Yes, that would be dramatic, as opposed to forcing an unwelcome package down the throats of Canadians while arguing that their only remedy is their vote at the next election.

Honourable senators, Senator Murray's response on behalf of the government makes it very clear, it seems to me, that this legislation which provides for referendums, to use his preferred word—

Senator Murray: No, I said "referenda".

Senator Frith: You like "referenda". Referendums or referenda—

Senator Lynch-Staunton: Do I have to intervene again?

Senator Frith: I forgot that there had been some research done and that the front bench on the opposite side had developed a Latin purity that I respect. Therefore, I will change and I will say "referenda", although I think it is an alternative. The legislation that provides for referenda is not designed to elicit the support or views of the citizenry. It is a club to be wielded over the heads of recalcitrant premiers, or, which is even worse, to be manipulated as a tactical weapon in the next election.

Senator Simard: Don't say that.

Senator Frith: Not only will I say it; I will say it again: to be manipulated as a tactical weapon in the next election.

If a premier, a single individual, balks at accepting the package, the federal government can go over his head and call a referendum in that province. However, if that premier supports the package, but the population of his province overwhelmingly opposes it, in the hundreds of thousands or even millions, there may be no referendum. The no vote of a single premier will be overridden by a referendum, but the no votes of millions of citizens can be ignored. Is that not a perversion of the principles underlying referenda?

Senator Murray's response to calls for regional majorities seemed equally disingenuous. He argued that certain provinces "believe that the idea of regional majorities contradicts a principle that is very dear to them, and that is the so-called equality of the provinces."

But where is the logic, or even the relevance, in this response?

Senator Fairbairn's amendment would require the approval of the majority of the population in each of the four regions of the country before any constitutional change could be enshrined.

• (1430)

Senator Murray responded that certain provinces do not want to be lumped together in a region. His solution is to treat all provinces equally, in the sense that they will all be ignored—equally. Needless to say, this is not a particularly persuasive argument, but it is entirely consistent with the manipulative devices that the government, in my opinion, has grafted on to this bill.

When I spoke to this bill at second reading I restricted my remarks to the question of spending controls. I had intended today to do no more than revisit that topic, but I found the government's response to Senator Fairbairn's amendment so revealing that I could not let it pass. However, I want to return briefly to the issue of spending controls now, certainly in a much more abridged form than I had planned originally at this stage.

When I previously examined the question of spending controls, it was in the context of the Lortie Report and the evidence presented to the House of Commons committee examining Bill C-81. Since then, our own Standing Committee on Legal and Constitutional Affairs has had an opportunity to elicit expert opinion on the legislation. It is to that evidence which I wish to draw the attention of honourable senators.

As I previously explained, Bill C-81 purports to establish a regime of spending limits through the creation of registered referendum committees. Unfortunately, there is no limit to the number of committees that may be formed. There is no limit in how many electoral districts a committee may register. The only limitation is that a committee may spend no more than 56.4 cents for each name appearing on the voters' list, on the district in which that committee is registered.

In the 1988 general election there were approximately 17 million registered voters. If a committee registered in every electoral district, its spending would be limited to 56.4 cents for each of those 17 million voters, or approximately $9.5 million. That is for just one committee.

When Louis Massicotte from the Department of Political Science, University of Montreal appeared before our committee examining Bill C-81, he said:

[*Translation*]

—and I quote:

> The provisions concerning registration of referendum committees would clearly lead to a free-for-all. If the number of committees is not limited, imposing a spending ceiling on each committee (as the House Committee decided, I believe) is meaningless, as Harvie Andre honestly admitted in the other place in the debate on second reading."

I quote:

> Monday, June 15, 1992, page F(2)-9.

[*English*]

The amendments we will be proposing today on spending controls are designed to end this charade. Our preference would be two umbrella committees, as was the case in Quebec during the referendum there. We have been told that the government's legal advisors have concluded that such a restriction would be a violation of the Charter. But, as Professor Massicotte observed, "It would not be the first time that a legal opinion, which is nothing less but nothing more than a very educated guess, would be contradicted subsequently by the courts." As examples, he recalled the advice the Quebec government received before proceeding with Bill 101, and the advice the federal government received in 1978 from its experts on Bill C-60, the constitutional reform package. In both instances the expert advice was found wanting. But that was all it was—advice, opinion.

Anyone who has been in a law library has seen the millions and millions of pages of reported decisions. Opinions were given on all those cases. If we assume that there were only two opinions given to the clients in each case, we see that half of them turned out to be wrong. It seems to me that that is particularly true here, when one is dealing with the present Constitution and the application of the Charter of Rights. Because of section 1, no one can really predict what the court will say as to what is permissible in a free and democratic society.

Senator Murray: Have you read the five or six outside legal opinions?

Senator Frith: Yes, I have.

Senator Murray: What do you think of them?

Senator Frith: I have found every one of them persuasive on the application of the section, but no more persuasive than is any such opinion these days on the application of section 1.

It is that simple. I read the opinions as definitely driving the question of section 1. I thought they were good on that question, but because this elastic question—which is not a matter of strict precedent—is left to the court, it seems to me that the opinion of the court should be obtained. As you will recall, that is what I asked for last time.

In my remarks at second reading, I observed that with Bill C-81 it is money which will talk. Professor Massicotte testified, as reported at page J-2—and I am sorry to say, honourable senators, I have not the printed form but what are colloquially referred to as the blues:

> The central issue which is raised by a Charter decision on the issue that we are discussing is the fact that freedom of expression has been equated, by some legal reasoning, with freedom to spend. As the old American dictum says, "Money talks." That is the prevailing reasoning and I suppose that we must abide by it. However, I have some reservations about that reasoning because it seems to me that, logically, it may lead exactly to the opposite. If one option allows unlimited spending, it may finally drown its opposition in a sea of money, and the other side will not be able to be heard.

If the government remains adamant in its refusal to accept any amendments—as it usually does to any of its many seamless webs of folly, in order to provide for two umbrella groups, there are other changes, second best changes, which will nevertheless be an improvement over the free-for-all invited by Bill C-81.

As I mentioned earlier, with an upper limit of 56.4 cents per registered voter, a single registered referendum committee will be able to spend almost $10 million, if it registers in every district. This number has been chosen because it is the amount to which individual candidates are now limited during an election. However, in an election we are usually talking about three or four leading candidates in each riding, limited in spending to that single riding. With Bill C-81, we will have the potential for numerous committees in each riding and committees operating in more than one riding.

What is the rationale for grafting on to referendum legislation a spending limit designed for individual candidates in individual counties or ridings? I do not believe there is even a specious one. We are, therefore, proposing that this figure of 56.4 cents be reduced to 25 cents. Even this, as I have explained, is only a "second best" measure.

● (1440)

Bill C-81 provides that an individual or group can spend up to $5,000 on "referendum expenses" without any controls. How many Canadians have $5,000 to spend? We will be recommending that individual contributions be limited to $1,000. The threshold for a referendum committee would be $1,000 and not $5,000. This will help put all Canadians on a more equal footing.

[Senator Frith.]

Senator Murray: I think that number was from the 1978 bill as well, wasn't it?

Senator Frith: I don't know. Which one, the $5,000?

Senator Di Nino: In 1978 dollars.

Senator Frith: I tell you, in my opinion, it was as wrong then as it is today. In fact, if we used the inflationary item, it would be more wrong. However, taking into account in particular this intervention that we have heard from the other side, I do not hold out much hope that any of our amendments will be acceptable to the government.

Senator Murray: We accepted quite a few in the other place from the opposition.

Senator Frith: Yes. They were all negotiated, I believe.

As I explained at the start of my remarks, Bill C-81 is based on a good idea which, unfortunately, has been misshaped almost beyond recognition during the process of hammering it into legislative language, not just because of the difficulty inherent in that process but as well, it seems to me, because of an attempt to exploit the occasion for purposes other than those of obtaining the opinion of the people on a constitutional amendment. I expect our attempts at improvement will be rejected because the government is no longer interested, in my opinion, in the principle it espouses. The principle is here for public consumption only. Perhaps the government will relent before it puts some of these manipulative possibilities into practice. I hope so.

Nevertheless, we will support this bill because it will give Canadians—if the government musters the courage to ask them—the opportunity to determine the future course of their country. Bill C-81 proposes a flawed opportunity, but it is better than no opportunity at all.

Hon. P. Michael Pitfield: Honourable senators, having spent 25 years labouring in the vineyards of the Constitution, I have remained silent on this subject these last four years in order to ensure that the government does not feel in any way obstructed in its efforts to solve the constitutional problems the collapse of the Meech Lake adventure dropped upon us. The time is coming when we all must again get involved, whether we like it or not, but my intervention today is simply so that my vote on the bill before us will not be misunderstood.

Bill C-81 is an exceedingly important measure with profound implications for how and with what results we will govern ourselves. Our basic system of decision-making is one of representative government; that is to say, it is a system where representatives make decisions for the people, and this system has served us very well. It is better fitted than any other to dealing with complex issues and with the preservation of civil liberty. It is certainly better fitted than any other to dealing with our present constitutional morass. Building on our system of representative government, we have made our country indisputably one of the most truly democratic countries in the world.

It is in this context that we must bear in mind that the use of referenda can be very damaging to representative government. Why is that? It is because a referendum is basically an end-run on the system of representative government. A referendum does not cope well with complex issues and can easily ride roughshod over civil liberties. A referendum is easily manipulated, and because governments do not ask questions they cannot win, it tends to inflame passions and compound public ignorance. The keystone of our governmental system is Parliament; the referendum displaces Parliament.

Does this mean that I see no use for the instrument of a referendum in our system of government? No, it does not. There are some things for which a referendum is uniquely fitted. Once a consensus has been reached, a referendum can be used to confirm that consensus. A referendum can be useful to seal an agreement, to etch an understanding as permanently as it is possible to do so in the fundamental law. However, a referendum must not be used to try to beat, or trick, or bludgeon people into agreement.

For the federal government to aim a referendum at a particular province in an effort to destabilize its government is especially odious. This is, however, but one example of how a referendum can be terribly misused. There are others. Used clumsily, ignorantly, dishonestly, a referendum can plant division and bitterness beyond fixing. The truth is that a referendum can be a supremely antidemocratic weapon. History gives many examples of that, even some in our own country. Consequently, a referendum should be used only for what cannot be done in any other way.

Fortunately, our system of representative government is extraordinarily rich and flexible. It offers many ways of dealing with our problems. Consequently, it is not unrealistic to require that all its avenues must be exhausted before the country is confronted with a referendum. Obviously this includes, if necessary, having a general election. A general election rather than a referendum is especially to be desired where a government is old, tired, and wanting for lack of credibility. The polls make it clear that Canadians overwhelmingly regard this as an accurate description of the state of the present government. In times such as these, there is every reason to ask people to supply a fresh government, a new set of representatives.

The present bill is not entirely bad. It has been prepared in draft form a number of times by different governments. Nonetheless, even now it contains some points for real and serious concern. The question of funding is one example. These points have been well identified by the opposition, and I support their criticisms, but my concern goes beyond that to a fear that the system of government itself is not adequately protected by this legislation. Under the bill, Parliament is not really in control of the use of the referendum, much less the question posed. The spending of money is clearly not sufficiently controlled, and manipulation of the whole process by the government is not effectively avoided.

However, above and beyond those concerns, many Canadians will ask themselves, can the government really be trusted to use this bill wisely? When one looks at the impatience, some would say the arrogance, that the government has shown in the use of its majority in basic constitutional matters, even on the use of closure in the other place on this bill, for example; when one looks at the vagueness and the uncertainty of the government's constantly-changing, sometimes contradictory plans; when one looks at the lack of method the government has shown in raising interest groups, however important they may be, to the status of governments in the negotiations; when one looks at some of the side remarks ministers have made, such as, for example, the suggestion that the government might use this bill to specifically target the Government of Newfoundland; when one looks at these matters as evidence of the skills and the competence the government has demonstrated time and again in its negotiations, one has to ask if the government really knows what it is doing with the constitutional file.

We must be especially careful that a referendum on the Constitution does not become a referendum on the present government. I believe the government knows this, but it seems to be waiting and hoping that some opportunity will come for it to get out of the hole it has dug for itself.

By its own admission, the government cannot tell us what it will do with the great powers it is taking for itself in this bill. It proposes that Parliament give it a blank cheque. For Parliament to do so is, so far as I am concerned, profoundly irresponsible. This, honourable senators, is why I cannot and will not vote for this bill.

Hon. Richard J. Stanbury: Honourable senators, I spoke on second reading of Bill C-81, so I will not repeat myself by making a long statement today. Senator Fairbairn last Friday and Senators Frith and Pitfield today have laid out many of the main concerns I have with this bill. However, I will present a number of additional amendments to try to improve the legislation.

I should say, though, that in presenting these amendments I am again struck with trepidation at the prospect of this bill proceeding as is, unamended. I am convinced that there is a fundamental problem with because of a lack of fairness inherent in the process outlined in the current bill. If we do not address the issue of fairness, the whole referendum process could be rendered useless or, even worse, destructive to the unity of Canada.

First among our proposed amendments, honourable senators, are the amendments that would facilitate the existence of two umbrella committees, one for each side of the question, under which all contributions, expenses and spending would be much more easily and fairly governed.

I am sure that senators who have been following this bill, or reports in the media about the bill, will be aware of the discussion surrounding the idea of umbrella committees. I do not think I need now go into the subject of such committees, other than to say that witnesses before our committee, including Professor Peter Aucoin, indicated that they were needed; that they would be acceptable to the courts if structured properly;

and without their adoption, the administration and finances involved in the process would be out of control. At least, that is what he said.

Since there are a series of amendments that are purely designed to facilitate the introduction of umbrella committees, and because these amendments are so long and so technical, I would rather not read them unless you insist. I have made copies of them available through the Clerk, which you should have ample time to study prior to our vote this evening.

As for the other amendments that I am presenting today, each addresses the issue of fairness concerned predominantly with the financing issues. I will read each of these because, although they are chiefly based on finances, they each have merit on their own.

The first has to do with indirect referendum expenses. It would read as follows:

> That Bill C-81 be amended in clause 2(1) by striking out line 13 on page 3 and substituting the following therefor:
>
> "porting or opposing during a"

This amendment, by excluding the reference to "direct" in the definition of referendum expenses, would require registered referendum committees to include indirect expenses such as polling and research costs. This would thus require full disclosure of expenses when reporting to the Chief Electoral Officer as required by Section 19 of the bill.

The question is: Are we or are we not to have a complete accounting of the money spent? Where committees are spending the money, we want all the expenses listed and described. I think that is a reasonable request. It is worthwhile for us to know that groups are either mistaking direct expenses for indirect, or intentionally trying to misrepresent expenses, or camouflaging their spending. If all expenses are included, the system will be less complicated with fewer misunderstandings and opportunities for abuse.

The next amendment is regarding contribution limits. It reads as follows:

> That Bill C-81 be amended in clause 14(a) by adding after line 16 on page 15 the following:
>
> (2) No individual, corporation, trade union, political party, or other group shall make a contribution to a registered referendum committee or committees that, in the aggregate, exceeds <u>one</u> thousand dollars.
>
> (*b*) and by renumbering the previous clause and any cross-references thereto accordingly.

This amendment would set a limit for contributions to committees by individuals and groups. As we heard from Professor Aucoin in committee, the Lortie Commission found that in the last election, 98 per cent of individuals who contributed to campaigns contributed less than $1,000. Approximately 92 per cent of corporations and 71 per cent of trade unions contributed under $1,000. Certainly, then, this limitation is a reasonable one.

[Senator Stanbury.]

Furthermore, as Professor Aucoin concluded, without the existence of umbrella committees, spending limits become unenforceable and out of control. Therefore this limitation on contributions would at least help with the personal expense limits I am recommending and, with the changed spending limits and a redrafted definition of expenses, provide some semblance of fairness.

The third amendment relates to expense limits. It states:

> That Bill C-81 be amended in clause 15(1) by striking out line 20 at page 15 and substituting the following therefor:
>
> "period that, in the aggregate, exceed one"

This amendment would reduce from $5,000 to $1,000 the amount that individuals and groups can spend outside the activities of a referendum committee. Those who wish to spend more than $1,000 would be required to register as a referendum committee.

Again, the Lortie Commission has found that, in the last election, 98 per cent of individuals who contributed to campaigns contributed less than $1,000 and would spend less, therefore, as individuals.

The last amendment on finances has to do with committee spending limits. It would read as follows:

> That Bill C-81 be amended in Clause 15(3)(*a*) by striking out line 36 at page 15 and substituting the following therefor:
>
> "1992, is 25 cents; and"

This amendment would reduce the amount referendum committees are allowed to spend from 56.4 cents per registered voter to 25 cents. It is simply a measure to decrease how much is spent. If there are two umbrella committees, then there should be limits imposed on the capacity of each committee, and if there are limits, as already exist, they should be reasonable.

The last amendment I would move has to do with the broadcasting provisions. It reads as follows:

> That Bill C-81 be amended in Clause 21 by striking out lines 25 and 26 at page 20 and substituting the following therefor:
>
> "hours of broadcasting time and a minimum of three hours of broadcasting time for purchase during prime time"

This amendment would introduce guaranteed broadcast time for sale. Although provision is already made for free broadcast time to be made available, there should also be a certain amount of time that could be purchased equally by anyone wishing to do so. It would ensure that broadcasters would not determine who they sold time to based on the side

of the referendum question supported. Again, this is an issue of fairness, both real and perceived.

Honourable senators, the purpose of this legislation and of the referendum is to encourage public faith in the system. If the financial aspects of this bill are not sound, if expenses can be buried and not reported, and if contribution limits give more influence to the side with more money, how is that scenario, which is quite likely under the provisions of the current bill, going to inspire confidence? How will it encourage the public involvement of people who are already convinced that they cannot have any influence in the political process? Should we not be trying to inspire confidence in Canadians that we are doing this in good faith and for them, not for us? Perhaps, honourable senators, we should think honestly about this before embarking on this process. There is so much at stake.

I therefore move that Bill C-81 be now not read the third time but that the following amendments to it be made *seriatim*. I will read them again if honourable senators so wish, although I did read most of them during my speech.

The Hon. the Speaker: Honourable senators, it was moved by the Honourable Senator Murray, P.C, seconded by the Honourable Senator Lynch-Staunton, that this bill be read the third time.

In amendment, it is moved by the Honourable Senator Stanbury, seconded by the Honourable Senator Riel, P.C., that Bill C-81 be not now read the third time, but that it be amended in Clause 2:

(*a*) by striking out lines 39 to 41 at page 2 and substituting the following therefor:

" "referendum committee" means, as the case may be, the committee comprised of such persons and groups as support a referendum question or the committee comprised of such persons and groups as oppose a referendum question."; and

(*b*) by striking out lines 14 to 16 at page 4.

That Bill C-81 be amended by deleting Clause 13 and the heading preceding Clause 13 and substituting the following therefor:

"REFERENDUM COMMITTEE

13. The Governor in Council may make regulations governing referendum committees, including regulations

(*a*) providing for such matters as may be necessary for the proper operation of referendum committees, including the name under which they are to be known and the manner in which they are to be established;

(*b*) providing for the setting up of local branches of referendum committees in each electoral district;

(*c*) providing for the affiliation to the referendum committee supporting the referendum question or to the referendum committee opposing the question, as the case may be, of persons who, or groups that, support or oppose the question, as the case may be, and prescribing norms and terms and conditions with respect to the affiliation and financing of such persons or groups;

(d) prescribing, for each province, the maximum amount of referendum expenses that may be incurred by either referendum committee;

(e) prescribing the maximum amount of referendum expenses that may be incurred by either referendum committee throughout Canada or in two or more provinces specified in the proclamation issued under subsection 3(1).

14. (1) A referendum committee intending to incur referendum expenses throughout Canada or in more than one province shall file with the Chief Electoral Officer a request for approval of the proposed apportionment of such expenses.

(2) A request for approval shall be signed by the leader of the referendum committee and shall name the provinces in which the referendum expenses are to be incurred and the amounts which the referendum committee intends to incur for each province.

(3) Not later than five days after receipt of a request for approval the Chief Electoral Officer shall notify the leader of the referendum committee of the Chief Electoral Officer's decision to approve or not to approve the proposed referendum expenses apportionment.

(4) The Chief Electoral Officer shall approve a request for approval if, in the opinion of the Chief Electoral Officer, the manner in which the referendum expenses to be incurred by the referendum committee are intended to be apportioned among the provinces specified in the proclamation issued under subsection 3(1) in which such expenses are to be incurred fairly reflects the distribution of the Canadian population between such provinces.

(5) A referendum committee that incurs referendum expenses throughout Canada or in more than one province without prior approval by the Chief Electoral Officer is guilty of an offence and is liable on summary conviction to a fine not exceeding fifty thousand dollars.

15. (1) Where the total referendum expenses incurred by a referendum committee throughout Canada or in more than one province are less than stated in the request for approval referred to in section 14, the referendum committee shall ensure that the apportionment of the referendum expenses of the committee among the provinces specified in the proclamation issued under subsection 3(1) in which such expenses are to be incurred fairly reflects the distribution of the Canadian population between such provinces.

(2) A referendum committee that contravenes subsection (1) is guilty of an offence and is liable on summary conviction to a fine not exceeding fifty thousand dollars.

(3) Where a referendum committee commits an offence under this Act, the leader or chief agent of the referendum committee who directed, authorized, assented to, acquiesced in or participated in the commission of the offence is a party to and guilty of the offence and is liable on summary conviction to the punishment provided for the offence whether or not the referendum committee has been prosecuted or convicted."

That Bill C-81 be amended in Clause 17 by striking out lines 25 to 29 at page 17 and substituting the following therefor:

"maintain a registry in which shall be recorded the name, address and telephone number of the chief agent of each referendum committee."

That Bill C-81 be amended in Clause 18 by striking out lines 30 to 47 at page 17 and lines 1 to 16 at page 18, and substituting the following therefor:

"18. (1) Every referendum committee shall appoint a chief agent and an auditor.

(2) Where the position of chief agent of a referendum committee becomes vacant or the chief agent is unable to perform the duties of chief agent, the committee shall forthwith appoint a new chief agent and file with the Chief Electoral Officer a notice in writing, signed by the leader of the committee, of the name, address and telephone number of the new chief agent and a statement, signed by the new chief agent, that the signer has accepted the appointment as chief agent of the committee.

(3) Where the position of auditor of a referendum committee becomes vacant or the auditor ceases to be qualified as an auditor or becomes ineligible to act as an auditor before having complied with this Act in respect of any referendum finances return of the committee, the committee shall forthwith appoint a new auditor and file with the Chief Electoral Officer a notice in writing, signed by the leader of the committee, of the name, address and telephone number of the new auditor and a statement, signed by the new auditor that the signer has accepted the appointment as auditor of the committee."

That Bill C-81 be amended by striking out lines 6 to 45 at page 21 and lines 1 to 45 at page 21 and lines 1 to 37 at page 22 and substituting the following therefor:

"polling day, allocate equally between the two referendum committees the broadcasting time to be made available under section 21.

(2) Each referendum committee shall indicate on which networks it wishes broadcasting time to be made available to it.

(3) In order to allocate broadcasting time, the Broadcasting Arbitrator may request additional information from the referendum committees.

(4) The Broadcasting Arbitrator shall, as soon as possible after completing the allocation and, in any event, not later than Monday, the twenty-first day before polling day, send a notice in writing of the allocation to the referendum committees, every network affected by the allocation and the Canadian Radio-television and Telecommunications Commission.

(5) An allocation of broadcasting time to be made available by a broadcasting network is final and binding on the network and on the referendum committees.

23. The Broadcasting Arbitrator shall, on request, provide the referendum committees with the names and addresses of all network operators."

That Bill C-81 be amended in Clause 25 by striking out lines 3 to 5 at page 23 and substituting the following therefor:

"25. (1) Each referendum committee shall, not later than Tuesday, the".

That Bill C-81 be amended in Clause 34

(a) by striking out line 21 at page 28 and substituting the following therefor:

"travenes subsection 15(4) or (5) or"; and

(b) by striking out lines 25 to 30 at page 28.

That Bill C-81 be amended in Clause 2(1) by striking out line 13 on page 3 and substituting the following therefor:

"porting or opposing during a"

That Bill C-81 be amended in Clause 14 be amended (a) after line 16 on page 15 the following:

"(2) No individual, corporation, trade union, political party, or other group shall make a contribution to a registered referendum committee or committees that, in the aggregate, exceeds <u>one</u> thousand dollars."

(b) and by renumbering the previous clause and any cross-references thereto accordingly.

That Bill C-81 be amended in Clause 15(1) by striking out line 20 at page 15 and substituting the following therefor:

"period that, in the aggregate, exceed one"

That Bill C-81 be amended in Clause 15 3(a) by striking out line 36 at page 15 and substituting the following therefor:

"1992, is 25 cents; and"

That Bill C-81 be amended in Clause 21 by striking out lines 25 and 26 at page 20 and substituting the following therefor:

"hours of broadcasting time and a minimum of three hours of broadcasting time for purchase during prime time."

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

Some Hon. Senators: Yes.

Some. Hon. Senators: No.

The Hon. the Speaker: Will those honourable senators in favour of the motions please say "yea".

Some Hon. Senators: Yea.

The Hon. the Speaker: Will those honourable senators opposed to the motions please say "nay".

Some Hon. Senators: Nay.

The Hon. the Speaker: In my opinion, the nays have it.

And two honourable senators having risen:

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Mr. Speaker, we had agreement last week that the vote would be held at 9 o'clock this evening, at the same time as the vote on the amendments proposed by Senator Fairbairn on Friday.

Hon. Consiglio Di Nino: I would like to speak on the amendments for a moment, if I may, honourable senators.

Senator Frith: I believe we need leave for that in view of the fact that we have just dealt with them. However, if the honourable senator asks for leave, I think it should be given.

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

Hon. Senators: Agreed.

Senator Di Nino: I am afraid I did not rise quickly enough. I am disturbed about Bill C-81 as I am generally with referenda. That type of a public consultation can have some rather severe and serious implications, particularly if the results are divisive to the country. I hope we do not have to use this tool and that the Government of Canada, together with the provinces and the other parties involved in the negotiations and discussions on the survival of our country, can reach a conclusion acceptable to all. But if not, as I understand it, this legislation will enable the government to handle, with a certain amount of flexibility, some of the issues those in government are asked to deal with.

I would like to touch upon some of the comments made by Senator Frith and Senator Stanbury. I am totally opposed to a two-committee structure. I believe that goes against the democratic system of this country, although I am aware that it may have been used in the past, particularly in Quebec. However, that was a totally different situation. Generally that is not the type of situation where referenda are used in other countries.

The two-committee system would deprive me, others, or groups of people in this country who do not wish to associate themselves totally with a particular position, of the democratic right or the opportunity to express ourselves. That would be absolutely wrong and it is unCanadian.

The association of spending limits with these committees is just as wrong.

We have not seen the specific referendum question or questions. We do not know whether it will consist of one question or 17 questions; or how the questions will be worded, but we do know that they will require a "yes" or "no" answer. Not all will necessarily agree with the formation of the question or questions. Therefore, there may be groups, individuals or organizations who will wish to put forth their own point of view.

I am surprised about the spending limits. These organizations will have to raise this money, although some of it will come from the public coffers. It will be wonderful to have 30, 40 or 200 organizations hustling to raise or borrow money for the survival of this country. It will be marvellous for me as a Canadian if 100 committees are each able to raise and spend $9 million, which is nearly $1 billion, to save this country. I don't think that is negative; it is positive. Are we to put a cost on what the survival of this country should be?

• (1510)

Senator Frith: It is good news for those who have lots of money.

Senator Di Nino: Senator Stanbury talked about the Lortie Commission. It recommended no limits on the Canadian Elections Act.

With respect to limiting contributions to $1,000,as opposed to $5000, I make the same argument I made a moment ago with respect to those who are willing to dip into their pockets, and savings and assets, to put on the table their money as well as their words to save this country. The figure of $5,000 was used in 1978 dollars by the Liberals in their enabling legislation for a referendum. If it was appropriate then, $5,000 is worth a great deal less today, and we know that. It is still not an inappropriate amount.

What is to stop individuals from distributing $5,000 to their families and friends in $1,000 "limits", if that is what is being suggested? That would be a farce. It would have absolutely no bearing on the amount of money being contributed.

Again, I do not understand the concern of my colleagues opposite. We are talking about the most important issue that this country has had to deal with in 125 years: the very survival of the country—and you are suggesting that I should not be able to contribute $5,000 if I can afford to? Surely, if I do that, or borrow it at my own expense, since I must pay the money back, that is a positive, not a negative step.

The same thing applies to the comment made by Senator Stanbury with respect to reducing the spending limits from 56.4 cents to 25 cents. I do not want to repeat myself there.

As with any other piece of legislation, this bill is not perfect, but it is the best piece of legislation that could be arrived at after consultation with many people, organizations and the different parties. Twenty different amendments were accepted in the House, amendments made by the opposition and by the government.

This bill gives the Government of Canada and the Parliament of Canada the flexibility to be able to design a referendum that will fit the needs of the time if that referendum is to be held. Unlike my colleagues opposite, I think the legislation should be supported, and I hope you will support Senator Murray's motion.

Senator Frith: Should we all support the amendments too?

Senator Di Nino: Just the motion.

Hon. Richard J. Doyle: Honourable senators, I appear before you as a man who, not very long ago, opposed the idea of holding a referendum on the Constitution. I did not think it was a sensible way to deal with so profound a problem.

Having received a letter 25 pages in length, which some of the rest of you may also have received, from a man named Patrick Boyer, who is a member of Parliament from Toronto in the other place, I undertook to write him a letter and tell him how I felt. I said:

> I agree with you that a plebiscite, or even a referendum, can be a useful and democratic tool and that it "sometimes" will do nicely to get politicians off hooks that might gore us. Big ballots work best in small arenas. They were great for deciding local option, but lousy for invoking national prohibition. They may, however, work nationally where the question is not festered by regional differences, religious overtones, or—and this is a big "or"—where nationalism, ingrained over centuries of striving to live together while remaining emotionally apart, comes into play.

My letter to Patrick Boyer, the referendum man, cut from there to the great national issue of 1942 and Mackenzie King's plebiscite to relieve wartime government of its promise not to send soldiers overseas against their will. I was not employed by the *Globe and Mail* in 1942, but I did agree with that newspaper's post-plebiscite editorial, in particular with this fragment—

Senator Frith: The beginning of a beautiful friendship.

Senator Doyle: It was indeed, sir.

It began with this fragment:

> How much stronger Mr. King would be had he not tampered with his grave obligations and exposed to the world the fracture in Canada's unity.

I said to Mr. Boyer:

> In the end, it was not exposure to the world that did the damage. It was the exposure of Canadians to each other.
>
> And that brings me smartly up to 1992 and your campaign, which I know is gathering steam, in favour of democracy unlimited. You may be right, but I still need convincing.

And here I stand, not seven years, but six weeks, later, speaking in the Senate in support of third reading of Bill C-81, and against certain amendments thereto, this act to provide for referendums on the Constitution of Canada.

How do I explain my change of heart? Well, I can assure you that the metamorphosis did not come with a heavy hand at caucus. Nor did it come, as it might have, with a careful rereading of Mr. Boyer's letter. He did say this:

> It seems unbecoming, in a democratic country, to appear too reluctant to incorporate such a procedure for participation, or to only threaten that such a direct vote would be held 'as a last resort'.

What has softened rather than overhauled my position on referendums is the think-tank in which members of the Standing Senate Committee on Legal and Constitutional Affairs have immersed themselves since Bill C-81 was sent to them for study.

What has seeped through my several thicknesses of skull since we began to examine the legislation is that the government's availing itself of referendums is very much a two-stage process that requires two distinct decisions which must be taken at quite different times.

First of all, Parliament must consider enabling legislation well before the time when it might be needed. Having taken that decision and gone through the process which now engages us, the government will be equipped to make a decision to use or not use without delay or prevarication. Certainly, there will not be time available at that crucial stage to rush off and search for the necessary authority. I am reminded here, honourable senators, of my grandmother's oft repeated rule: Wear your overshoes and you will have them with you if it snows. Don't wear your overshoes and snow it most certainly will.

The secret, then, is to provide Parliament with the widest possible space in which to create the precise instrument which might be needed for purposes not yet precisely described. At least, this would seem to me to be the case, not the case that was just sketched for us by the senator on my right—I always have difficulty remembering the name there— on one of his occasional appearances in our midst. He seems to have come here to thrust upon us the argument that referendums are great things, but not in the hands of this government, which he cannot trust.

It would have been helpful if, on some of the other issues which have engaged us in the last year, he had been here to tell us why he did not trust those decisions. It would have been helpful if he had been here to hear, perhaps, the speeches given recently by our leader on this side on what is happening to the recovery of this country, or if he had even been here to

say where the leader was at fault. But no, he comes to tell us that the referendum proposed in this bill would be in real danger of becoming a bludgeon, an anti-democratic weapon that would not be sufficiently controlled, and that the government cannot be trusted to use this legislation wisely.

The honourable senator says that the referendum might be used to target Newfoundland. The government has indeed argued that the legislation might be used in a single province to reconcile a single piece of a problem that must be dealt with. But the ministers he spoke of—the unnamed ministers—did they use the word "target"? Have we reached that stage? Has that happened to us?

The honourable senator says that the government may be waiting and wanting to get out of the hole it has dug for itself. That is an original idea. At least I thought it was when I read it in the *Globe and Mail* last Friday. I am not sure to whom the words, "profoundly irresponsible", which he used, should be applied.

I must go on with a bit more here. I have heard arguments from those who would go further with the referendum than this government has gone. With the acquiescence, one supposes, of all those constitutionally concerned, they would require referendums whenever constitutional change is proposed. "Leave the legislation on the books", I think is one expression I heard. This government makes no such proposal, nor does it consider it paradoxical in the existing circumstances to sincerely hope that this legislation, once in place, will not be needed in the campaign on which we have all embarked—the constitutional underpinning of our country's unity.

It is no secret that the government saw no need to hurry such legislation through, although the use of some mechanism for consulting the people was contemplated in the throne speech. As the unity processes have made their imprint, we have come to this stage which the government leader, Lowell Murray, described the other day. He said:

> While we think it is only prudent and reasonable to equip ourselves with the power to call a referendum if necessary, we are not prepared to bind ourselves to it; still less are we prepared to burden any such referendum by requiring a regional majority formula which could only make a referendum campaign more difficult . . . and divisive.

Honourable senators, that hardly strikes me as the statement—disagree with it though you may—of a man about to wield a bludgeon. If we were preparing to use some new and secret weapon upon this country's democratic institutions, I do not think we would say that we have no plan to use the referendum, that we are simply holding it as one of an array of processes that may still be needed before we are finished with this constitutional business.

Honourable senators, this is not, as Harvie Andre says, a perfect bill. At meetings of the Legal and Constitutional Affairs committee, I have made no secret of my continuing reservations regarding parts of the legislation, but those doubts are focused on aspects of the Elections Act rather than on Bill C-81 itself. In particular, I find myself opposed to archaic aspects of a law that allows Parliament to demand free time from broadcasters when it makes no such confiscations from other media outlets. I was surprised to hear my honourable friend Senator Stanbury introducing an amendment on this very question. If he wants to make an amendment, why not go to newsprint? But no, the only place he worries about the government inundating us with persuasive argument is, again, the broadcast media. There is no suggestion here that the press need be in some way controlled. Is that because all the champions of freedom of the press sit opposite, as we may be told this coming week in another forum?

Senator Frith: A lot of advertising dollars there.

Senator Doyle: There is an aspect of Bill C-81 that deserves more than passing attention. It springs from the fuzziness of the criticism directed at the cost of this consultation to glean the public's opinion without compulsion to accept that opinion as the basis for legislation. My friends opposite know well enough the differences and the risks that ride between legislative and political imperatives. That aside, there should be absolutely no confusion on the business of expense. Bill C-81 does not authorize any government expenditures beyond those incurred by the Chief Electoral Officer in the course of his duties as prescribed by the Elections Act.

My other colleagues in the committee may have other arguments to make or answers to give. Perhaps I should have dealt more thoroughly with Senator Stanbury's arguments, but they seemed to me to be simply a compilation of what we heard from several witnesses without any embroidery of any kind. Perhaps they shoulde be considered, weighed and judged against whatever merit there may be in our claim that this government has chosen many roads in its search for constitutional unity. It was unjustly accused of not doing that two years ago with Meech lake. Well, we have opened every door, every avenue, and we are accused of trying to find every secret and shabby route available.

The Hon. the Speaker: Honourable senators, according to rule 38(4) the time is up. But with unanimous agreement, Senator Doyle may continue. Is it agreed?

Hon. Senators: Agreed.

Senator Doyle: I have really finished. You have been generous with the time and with your attention. I am grateful for that.

I have one more comment to make. The other day, when the constitutionalists and the kings who had gathered in Ottawa had departed and we were left in this place, honourable senators, with no one more controversial than Boris Yeltsin, Canada's national newspaper saw portents in the lull. It said, "A certain scepticism about Ottawa's intentions is starting to ripple quietly through the constitutional debate . . ."

A lull? Quiet ripples? Had the *Globe and Mail* come closer to our chamber, it might have heard the thunder from the scratching of the senators' quill pens.

Hon. Mabel M. DeWare: I had no intention of speaking on Bill C-81, but I have been working with it on the committee and have enjoyed very much listening to the witnesses. I especially enjoyed listening to the minister the other night, whom we kept for two and one-half hours.

I wish to address two points that Senator Stanbury made. The first point was reducing the limit for voters from 56.4 cents to 25 cents. The amount of 56.4 cents is based on the Canada Elections Act spending limits for national parties. This form was laid out in the Canadian Elections Act, and Bill C-81 attempts to follow the Canadian Elections Act wherever possible. The 56.4 cents is not an amount that was just sort of plucked out of the air. I thought I would bring that to the attention of the Senate and have it put it on the record.

The other point concerns the guarantee of a minimum of three hours of broadcasting time for purchase during prime time.

Bill C-81 only requires networks to provide free broadcasting time. It does not require them to provide a regular time for purchase; it leaves it up to individuals or groups to negotiate with the networks for broadcasting.

The other night it was made perfectly clear to us that the CRTC regulation requires broadcasters to provide equitable coverage. We had a lengthy discussion on what was equitable. In a case where one of the groups felt that it did not have the money or was not capable of buying broadcast time, but could use only the free time, it would be up to the CRTC to ensure that equitable coverage was provided in one way or another. They could do it in their public affairs programs or in news broadcasts, but it is a regulation by the CRTC that equitable coverage of the points of view in an election or referendum be covered.

Even though one of the parties might not be able to buy broadcast time, that time would be available to them because their side would have to be portrayed by someone. They could be asked to come in during the public affairs broadcast time; they would probably be invited to give their views. In that way they would be covered.

The legislation plus the regulations for the CRTC would ensure that the views of all parties were portrayed in the event that we did have a referendum.

The Hon. the Speaker: Honourable senators, if no other senator wishes to speak on this Order, we will stand this item until the vote at 9 o'clock tonight. Is it agreed?

Hon. Senators: Agreed.

Order stands.

[Senator Doyle.]

[*Translation*]

PRIVATE BILL

AN ACT TO AMALGAMATE THE MONTREAL BOARD OF TRADE AND THE CHAMBER OF COMMERCE OF METROPOLITAN MONTREAL — MESSAGE FROM COMMONS

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons returning Bill S-12, an Act to amalgamate The Montreal Board of Trade and The Chamber of Commerce of Metropolitan Montreal, and acquainting the Senate that they had passed the bill without amendment.

[*English*]

APPROPRIATION BILL No. 2, 1992-93

THIRD READING

Hon. John Lynch-Staunton, Deputy Leader of the Government, moved the third reading of Bill C-87, for granting to Her Majesty certain sums of money for the public service of Canada for the financial year ending March 31, 1993.

Motion agreed to and bill read third time and passed.

[*Translation*]

CANADA DEPOSIT INSURANCE CORPORATION ACT

BILL TO AMEND—THIRD READING

Hon. Jean-Marie Poitras moved the third reading of Bill C-48, an Act to amend the Canada Deposit Insurance Corporation Act and to amend other Acts in consequence thereof.

Motion agreed to and bill read third time and passed.

BANKRUPTCY ACT

INCOME TAX ACT

BILL TO AMEND—THIRD READING

Hon. Jean-Marie Poitras moved the third reading of Bill C-22, an Act to amend the Bankruptcy Act and to amend the Income Tax Act in consequence thereof.

Motion agreed to and bill read third time and passed.

● (1540)

CUSTOMS ACT

CUSTOMS TARIFF

EXCISE TAX ACT

BILL TO AMEND—THIRD READING

Hon. Efstathios William Barootes moved the third reading of Bill C-74, to amend the Customs Act, the Customs Tariff and the Excise Act.

Motion agreed to and bill read third time and passed.

EXCISE TAX ACT

INCOME TAX ACT

BILL TO AMEND—THIRD READING

Hon Noel A. Kinsella moved the third reading of Bill C-75, to amend the Excise Tax Act and the Income Tax Act. Motion agreed to and bill read third time and passed.

CANADA MORTGAGE AND HOUSING CORPORATION ACT

NATIONAL HOUSING ACT

BILL TO AMEND—THIRD READING—DEBATE ADJOURNED

Hon. Noel A. Kinsella: Honourable senators, I move the third reading of Bill C-82, to amend the Canada Mortgage and Housing Corporation Act and the National Housing Act and to amend another Act in consequence thereof.

Hon. Royce Frith (Leader of the Opposition): Honourable Senators, I wish to make some comments on third reading concerning co-op housing. They will quite brief and I will have them ready for tomorrow, after which we will be ready to vote on the legislation.

Hon. L. Norbert Thériault: I wonder if I could ask the Leader of the Government a question on this bill concerning co-op housing. It was brought to my attention this morning that a group of people from the Atlantic provinces is petitioning the Government of Canada not to proceed with this legislation. Even if there is no funding, it is their belief that the co-op movement in Atlantic Canada is sufficiently strong that, if they had the legislation as it was before, without funding, they could proceed with some construction. I wonder if the Leader of the Government is aware of this.

Hon. Lowell Murray (Leader of the Government): No, I am not, honourable senators.

Senator Thériault: You should be. You do not care any more.

On motion of Senator Frith, debate adjourned.

BUSINESS OF THE SENATE

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, I propose that we continue the debate on the second reading of Bill C-51 and Bill C-52 as it was begun on June 17, dealing with them together since they cover the same subject and because the remarks will apply to both bills.

The Hon. The Speaker: Is it agreed, honourable senators.

Hon. Senators: Agreed.

NORTHWEST TERRITORIES WATERS BILL

YUKON WATERS BILL

SECOND READING—DEBATE CONCLUDED

On the Order:

Resuming the debate on the motion of Senator Cochrane for the second reading of Bill C-51, respecting water resources in the Northwest Territories, and the second reading of Bill C-52, respecting water resources in the Yukon Territory.

Hon. Willie Adams: Honourable senators, I want to say a few words on Bills C-51 and C-52. First, I wish to congratulate Senator Cochrane, who moved second reading last Wednesday. I do not have much information to add to that provided by Senator Cochrane, except to say that these bills will replace the Northern Inland Waters Act, or NIWA, as it is referred to, which was enacted in 1970.

These bills are very important to residents of the Yukon and Northwest Territories. In future, it will be very important to have a Waters Act in those areas, particularly when one considers the impact that Bill C-13 may have once it is passed in the Senate and the House of Commons.

Bill C-51 and Bill C-52 are similar. Often in the territories the circumstances in the east are different from those in the west. This is particularly true for those of us who live in the Eastern Arctic. I have travelled through areas in the Yukon, and conditions in those areas are quite different from conditions in my area. The lakes or rivers may run in a different direction, and people may live off the land in a different manner. However, we are all concerned when rivers run through areas where people live.

Approximately one year ago, we were particularly concerned when Alberta was discussing building a pulp mill. Some of the rivers supplying water to people in the territories were going to flow through the area where the pulp mill was to be located, and many communities were concerned, because a polluted river will affect both drinking water and fish.

I have lived for many years in Ottawa and heard many concerns expressed about the Ottawa River. People cannot go near the water because it is so polluted. Sometimes I feel privileged to have lived in the territories and not to have been concerned about the drinking water. Anywhere one goes in the territories one does not need to worry about the water being polluted.

I would like to support Bills C-51 and C-52. I understand the bills would establish two 4-to-9 member water boards for the Yukon and the Northwest Territories. I believe that those boards will be very active and will work well with officials from the Department of Indian Affairs and Northern Development, and other government departments.

The bills were introduced in the House of Commons in December 1991. It is now June 1992. The legislation is concerned with municipalities. Up until now, it has been the municipalities and some communities which have been responsible for the supply of running water. In some cases, water is delivered to houses. This legislation will ensure that

people have drinking water and that those who provide it have a licence to deliver it.

● (1550)

Where I live in Rankin Inlet we have water and sewer services. Some of the other smaller communities rely on water trucks to deliver drinking water to houses. In some cases this delivery is controlled by the health services department to ensure that the water is fresh.

In some cases we find the water ourselves. But in some years there is not a great deal of rainfall in the summertime, which not only causes fish to die but which prevents us from storing enough water for the coming winter. Fish usually run upstream to the lakes, but if there is not enough water, they die, because there is less oxygen.

As I said earlier in my remarks, this is why sometimes in the Yukon and the Northwest Territories the water is not always the same, especially in the wintertime. Some rivers get low in water and the char die out because there is not enough oxygen.

Honourable senators, to my knowledge these bills will help us in the future in terms of protecting some of the bodies of water which we have in the Northwest Territories. In the meantime, we have to protect ourselves, especially to ensure that mining companies are not polluting in areas where people live and rely on natural sources of drinking water.

I support the bills, honourable senators.

Some Hon. Senators: Hear, hear!

Motion agreed to and bills read second time.

REFERRED TO COMMITTEE

The Hon. the Acting Speaker: Honourable senators, when shall these bills be read the third time?

On motion of Senator Cochrane, bills referred to the Standing Senate Committee on Energy, the Environment and Natural Resources.

AN ACT TO AMEND CERTAIN ACTS IN RELATION TO PENSIONS AND TO ENACT THE SPECIAL RETIREMENT ARRANGEMENTS ACT AND THE PENSION BENEFITS DIVISION ACT

SECOND READING—DEBATE ADJOURNED

Hon. Nancy E. Teed moved the second reading of Bill C-55, to amend certain Acts in relation to pensions and to enact the Special Retirement Arrangement Act and the Pension Benefits Division Act.

She said: Honourable senators, I am pleased to open debate on second reading of Bill C-55, to amend certain acts in relation to pensions, and to enact the Special Retirement Arrangements Act and the Pension Benefits Division Act.

This bill is a first and important step in the efforts to reform the various public sector pension plans. What does Bill C-55 do? As the title suggests, it amends a number of existing statutes such as the Public Service Superannuation Act, the Canadian Forces Superannuation Act, the RCMP Superannuation Act and the Members of Parliament Retiring Allowances Act.

Bill C-55 also introduces two new acts, one of which is the special retirement arrangements act which would permit revisions to existing plans for non-career diplomats and the Lieutenant Governors of the provinces. In addition, it would provide for the establishment of a new type of plan for those covered under all those statutes except that applicable to Members of Parliament.

The second new act proposed is the Pension Benefits Division Act dealing with the division of pension benefits on marriage breakdown. There are also related and consequential amendments required to the older Defence Services and RCMP Continuation Acts, as well as the Supplementary Retirement Benefits Act.

If I may, I would like to make a general comment or two about this bill's use of a combination of statutory and regulatory authority to meet its objectives. In a number of areas where there are general policy changes to be enacted, Bill C-55 provides for regulations to complete the initiative. There are a number of reasons why this combination of statute and regulation is appropriate. The statute quite precisely sets out the general principles, the changes to be made, and then provides for regulations to fill out detail. This means that valuable time is not spent in the House of Commons and in this chamber in consideration of a large number of technical matters. If the two acts on the schedules are included, the bill is already some 140 clauses long.

The regulatory route is a more responsive and flexible mechanism for secondary issues which fall within the general principles set out in the statutes.

● (1600)

There are some important safeguards attached to the making of regulations. For example, the Statutory Instruments Act requires that the Clerk of the Privy Council inspect regulations before they are made to ensure that they are within the statutory authority; that they do not constitute an unusual or unexpected use of the authority under which they are made; and that they are not inconsistent with the Canadian Charter of Rights and Freedoms and the Canadian Bill of Rights.

The Statutory Instruments Act also requires that regulations of the sort contemplated by Bill C-55 be published in the *Canada Gazette*. Therefore, there is no question of there being secret regulations. Finally, there is the review of regulations by the Standing Joint Committee of the Senate and the House of Commons for the Scrutiny of Regulations. This is a very visible process, honourable senators.

An important advantage of using regulations to fill in the detail of statutory principles is the opportunity for more direct dialogue on these details with the members of the pension plan. The President of the Treasury Board has made a firm commitment to consult with the joint employee-management

advisory committee on the content of regulations contemplated by Bill C-55.

I will now turn to the specific provisions of the bill. Essentially, the legislation proposes measures of two general sorts. First, some measures would address fairness issues where the government has been committed for some time to moving forward, and where continuing delay means difficulty for plan members and their families. Second, a number of measures are designed to ensure that the various plans comply with the requirements imposed on all pension plans in Canada by changes to the Income Tax Act in 1989 and given full effect by regulations promulgated in January of this year under that act.

These tax changes ensure that members of public-sector plans have the same access to tax-assisted retirement savings as other Canadians, no more, and no less. Bill C-55 proposes changes to each of the pension statutes to ensure that they provide pension plans that can continue to be registered under the Income Tax Act. This means that employees can continue to receive tax relief on their pension plan contributions.

This notion of tax compliance means that certain features of each pension plan can no longer be provided under the registered plan. For example, the Income Tax Act limits the maximum pension to be earned under a pension plan to $1,722 for each year of plan membership. Under the federal plans, this limit is not specified, and it is necessary to incorporate the limit in each of the statutes by limiting the level of salary on which benefits can be based.

This might well mean reduced pension coverage for certain employees. I think it is important, honourable senators, that public service employees and members of the Canadian Forces and the RCMP know that their employer would not use the excuse of tax compliance to cut back on the retirement income they rely on. Many employers provide retirement income arrangements beyond the tax- prescribed maximum, and this is the route that the government has chosen to follow.

This would be accomplished, honourable senators, as it is in the private sector, by providing for benefits outside the registered pension plan through a separate arrangement permitted under the Income Tax Act. For all plans other than that for Members of Parliament, this would be done by regulations to be made under the proposed Special Retirement Arrangements Act. These regulations would allow for a new fund to be established, known as the Retirement Compensation Arrangements Account.

To accomplish the same end for members of Parliament, the existing arrangements for MPs have also been divided into an "on-side" registerable plan and an "off-side" plan to be set up as a retirement compensation arrangement. Both plans would be provided in the statute.

Before going on to the proposed changes to each of the major plans, I would mention another amendment that affects all plans as well as the new arrangements I have just described. Bill C-55 proposes that all plans be operated on a fully-funded basis. That is, employee contributions and employer contributions should be at levels that, along with future interest earnings, would be sufficient to provide for the benefits of employees as they are being earned.

Up until now, basic pension benefits have been paid out of the Public Service Superannuation Account, the Canadian Forces Superannuation Account, the RCMP Superannuation Account, as the case may be, and post-retirement indexation has been provided out of the Supplementary Retirement Benefits Account. This bill proposes that all contributions would, in the future, be made to the relevant superannuation account, and the balances in the Supplementary Retirement Benefits Account related to each of the pension plans would also be transferred to the main accounts. Basic pension and indexing benefits would not be changed and would be paid from the combined account.

Employee contributions would not be changed, but the government would contribute at the level necessary to maintain full funding. Any existing or future unfunded liabilities would be recognized and amortized by additional government contributions.

I realize this has been quite a detailed explanation of some highly technical provisions, but I think it is important, honourable senators, to describe both the tax-driven changes and the financing amendments because each, in their own way, should reassure employees about the stability and security of their benefits.

I mentioned earlier that this bill proposed measures designed to increase fairness in the various plans. I would like to describe a few of these changes.

First, the Public Service Superannuation Act would be amended to allow part-time employees to become contributors, if they so choose. Right now, only those people working 30 or more hours per week contribute. All employees who are employed to work more than 12 hours per week on average would now qualify to contribute. People who are now employed part-time could chose to become plan members, while those who become employed on a part-time basis in the future would automatically become contributors. In addition, people could elect to count periods of prior part-time service occurring after 1980 for pension purposes.

The extension of the pension plan to part-time workers is, I would think, of particular interest to women, who make up the majority of part-time employees. They will now have the same range of options as they plan for their post-retirement income as those working full-time. This is a real step forward.

Another long-standing commitment that would be recognized in this legislation is the provision of an early retirement program for operational employees of the Correctional Service of Canada. I understand that these employees have worked very hard in the last few years to convince the government of their need for this program. This is very stressful and often dangerous work, and employees need to know that there are options available to them if they cannot remain in these jobs as long as other public service employees.

Further, it is important from the point of view of meeting departmental needs and ensuring public safety that this labour force have this flexibility. While the details of the program await regulations, and the President of the Treasury Board has promised that employee representatives and the department will be consulted on the specific provisions, he has also indicated that it will be similar to the early retirement scheme for air traffic controllers.

That scheme allows an individual to retire at age 50 with 25 or more years of service and receive an unreduced pension with indexing payable at age 60. Like air traffic controllers, Correctional Service employees covered by this new plan would be required to pay additional contributions.

In my remarks about part-time employees, and again when I was talking about Correctional Service employees, I used the word "options". The bill also includes provisions to allow extended periods of leave without pay to be dealt with with more flexibility. Again, this flexibility is really about giving people more options, about letting them make decisions that reflect their own individual circumstances.

We all know, honourable senators, that pension plans do not affect only the contributing members. For many people, they are also an important element in the financial planning of the entire family. I would draw the attention of honourable senators to provisions of Bill C-55 that will have a significant impact in this respect.

For employees of the Public Service and members of the Canadian Forces, improvements in the supplementary death benefit plans contained in Part II of the relevant act will be most welcome. These plans, a kind of term life insurance, provide coverage equal to about one year's salary with coverage declining after age 60 and a paid-up benefit of $500 at age 65. Substantial accumulated reserves make it possible to double the coverage, to twice salary, and increase the paid-up portion to $5,000 with no increase in cost for employees or the taxpayer.

Another feature of interest to members of all the major plans is the proposal to allow an individual to provide a survivor's benefit to a spouse the member marries after retirement, or in the case of Canadian Forces or the RCMP, after age 60. The individual's own benefit would be reduced to provide such a benefit.

Many people have suggested, as this bill moves through the legislative process, that the regular survivor benefit provisions of the plans simply be extended to survivors in these instances, without reduction of the member's own pension. However, the government does not believe that it would be appropriate for the plan, and therefore indirectly the taxpayer, to assume the additional liability that such an enrichment would involve. The adequacy and appropriateness of all the survivors' benefits provisions will be considered as part of a fundamental review following passage of Bill C-55. I will be talking about this review in more detail shortly.

This bill would also enact a new statute called the Pension Benefit Division Act. In most provinces, the value of earned pensions is now taken into account in determining the division of assets on marriage breakdown. Provincial pension standards legislation normally requires plan sponsors to recognize and act on court orders or legal separation agreements which specify a division of pension assets.

Right now, the federal pension statutes which would be amended by Bill C-55 do not allow such requests to be honoured. There is no doubt this has led to difficulty for some plan members and their spouses in settling their personal affairs since pension values can be a large part of the total family assets.

The government believes its pension plans should accommodate court orders or separation agreements, and this is the purpose of the new Pension Benefit Division Act. This act would allow the legal or common-law suppose access to up to 50 per cent of the value of the pension benefits accrued during the period specified in the court order or agreement. The value would then be transferred to another retirement savings vehicle or, in the case of a retirement compensation arrangement, directly to the spouse. An appropriate reduction to be determined under the act and regulations would then be made in the member's pension.

I know there are those who argue that responding to court orders or separation agreements is not enough, that this new act should provide for mandatory credit splitting the way the Canada Pension Plan does, for example. This means that if the marriage breaks down the pension value is split automatically. Some witnesses appearing before the legislative committee that studied Bill C-55 made this point. They also proposed that the bill provide for retroactivity of mandatory credit splitting so that where marriages had broken down in the past the spouse would now automatically receive a portion of the pension value.

The problems they describe are real. There is no denying the difficult circumstances that many women found themselves in because they did not receive part of the pension which their efforts and sacrifices made possible. The problem is that mandatory credit splitting would create more difficulties than it would solve. It would remove the very flexibility this new act is designed to provide. It would deny individuals the opportunity to divide this important family asset in a way that takes into account all the family property and the entirety of their financial circumstances.

It would upset those settlements made in the past where assets had been divided equitably and people have gone on with their lives on that basis. It would also place the minister of the Crown in the untenable constitutional situation of determining the appropriate division of the family asset, a matter clearly within the jurisdiction of the provinces.

Honourable senators, I have attempted, in these remarks today, to explain the principal elements of Bill C-55 and to respond to some of the questions individuals and groups have

raised about its objectives and specific provisions. Some groups and individuals think it does not go far enough. For example, there are the concerns expressed by plan members, both active and retired, about their role in the management of their plan; about some basic features of the plan; about the adequacy of survivors' benefits; about vesting; and about portability. These are fundamental questions, honourable senators. They go to the very heart of what a pension plan is for and how well it meets its objectives.

Questions have also been raised about the investment of pension funds and the effect that would have on fund earnings. The Auditor General has indicated that this particular issue is in need of further study. He has suggested, furthermore, that funding arrangements for public service plans have implications for the management of the public debt, and these implications must be assessed. The government agrees that all of these questions must be explored. They must be studied in a way that takes into account the interests of employees, pensioners, and those other important stakeholders, Canadian taxpayers.

The president of the Treasury Board has announced his intention to meet with his Public Service Superannuation Act Advisory Committee to begin the process of reviewing these issues, these fundamental questions, as they affect the Public Service. This committee represents unions, management and pensioners.

Bill C-55 would, for the first time, allow the Minister of National Defence and the Solicitor General to establish their own similar pension advisory committees on the Canadian Forces Superannuation Act and the Royal Canadian Mounted Police Superannuation Act, respectively. With respect to the Members of Parliament Retiring Allowances Act, the government has announced that an independent review will be conducted of all aspects of members' pension arrangements.

As we review this bill, I believe it is important to keep in mind that it marks the beginning rather than the end of the public sector pension reform process. The next phase will provide ample opportunity for the discussion of those fundamental principles and issues which are of such concern to the government and all pension plan members.

Honourable senators, at the appropriate time I will be moving that Bill C-55 be referred to the Standing Senate Committee on National Finance.

On motion of Senator Frith, debate adjourned.

COASTING TRADE BILL

REPORT OF COMMITTEE

Leave having been given to revert to Reports of Committees:

Hon. Donald H. Oliver, Chairman of the Standing Senate Committee on Transport and Communications, presented the following report:

Monday, June 22, 1992

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

TENTH REPORT

Your Committee, to which was referred the Bill C-33, An Act respecting the use of foreign ships and non-duty paid ships in the coasting trade has, in obedience to its Order of Reference of Thursdy, May 21, 1992, examined the said Bill and now reports the same with the following amendments.

1. *Page 6, clause 4:* Add, immediately after subclause (2), the following subclauses:

"(3) When the voyage or activity in the coasting trade is to be more than fourteen days, the owner or operator of the ship for which the licence has been granted shall observe all the laws of Canada applicable to a Canadian ship operating in the coasting trade, including, without restricting the generality of the foregoing, the laws relating to manpower and immigration, labour, labour standards, safety and ecology for the period that the licence is issued.

(4) No licence shall be issued when the voyage or activity is for more than fourteen days unless good and sufficient guarantees are deposited by the owner or operator of the ship that all the laws of Canada mentioned in subsection (3) shall be obeyed."

2. *Page 7, clause 6:*

(a) Add, immediately before subclause (1), the following:

"(1) The Minister shall not consider an application under section 4 or 5 that is made less than fourteen days before the provision of the service or the performance of the activity described in the application is intended to commence.

(2) The Governor in Council may make regulations prescribing special circumstances which may be taken into account to reduce the delay set out in subsection (1), and the Minister may issue the licence if the fourteen day delay is not met, provided that the said special circumstances have been proven to exist."

(b) Renumber subclauses (1) to (3), and any cross-references thereto, accordingly.

3. *Page 7, clause 8:*

(a) Add, immediately before subclause (1), the following:

"(1) The Agency shall establish a registry of owners and operators of Canadian ships which may be used in the coasting trade and maritime unions representing employees on Canadian vessels.

(2) Upon receiving an application for the issuance of a licence, the Agency shall forthwith communicate the request to such appropriate owners, operators and unions listed in its registry to determine whether a Canadian ship would be available.

(3) When an interested person furnishes details to the Agency of a Canadian ship that is available and suitable, the Agency shall not issue a licence without first holding a hearing, if requested, and only after determining that the Canadian ship offered is not available or suitable.

(4) At the end of each month, the agency shall publish in the *Canada Gazette* a list of all licences given with details of the type of vessel, period of time granted and type of voyage entailed."

(b) Renumber subclauses (1) and (2), and any cross-references thereto, accordingly.

Respectfully submitted,

DONALD H. OLIVER
Chairman

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

On motion of Senator Lynch-Staunton, bill placed on the Orders of the Day for consideration at the next sitting of the Senate.

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

TWENTY-SIXTH REPORT OF COMMITTEE ADOPTED

The Senate proceeded to consideration of the twenty-sixth report of the Standing Senate Committee on Internal Economy, Budgets and Administration (budget—Standing Committee on Privileges, Standing Rules and Orders), presented in the Senate on 18th June, 1992.

Hon. John Lynch-Staunton (Deputy Leader of the Government), for Honourable Senator Lavoie-Roux, Chairman of the Standing Committee on Internal Economy, Budgets and Administration, moved the adoption of the twenty-sixth report of the committee.

Motion agreed to and report adopted.

SCOTIA SYNFUELS PROJECT

CONSIDERATION OF REPORT—DEBATE CONTINUED

On the Order:

Resuming the debate on the consideration of the Third Report of the Standing Senate Committee on Energy, the Environment and Natural Resources (Scotia Synfuels), tabled in the Senate on 15th June, 1992.—(*Honourable Senator Hays*)

Hon. Dan Hays: Honourable senators, I should like to speak to this reference. Senator Graham has already spoken to it and I hope some other senators will speak to it as well. It is of particular interest to senators from Nova Scotia. Many of them, even though they are not on the Energy, the Environment and Natural Resources committee, took trouble to attend meetings both in the last Parliament and in our deliberations recently on this particular report.

I had the honour to table the report last week. The report, as you all know, has to do with a project currently being planned for Point Tupper, Nova Scotia. This development, as our report points out in great detail, involves the co-processing of high-sulphur, indigenous coal and imported heavy oil into a three-prong stream of cleaner petroleum products for the eastern Canadian markets.

The project has a number of significant advantages. It would provide important energy-related benefits to a region almost totally dependent upon sometimes unreliable foreign supplies for its crude oil requirement. It would also serve to enhance regional development efforts in an economically depressed area creating employment and business opportunities, as well as tax revenues for governments. In this day and age of concerns over the environment, the project would be helpful in reducing the bulk of sulphur dioxide and nitrous oxide prior to combustion in the plant stage.

In the spring of 1991, the committee heard evidence from the project sponsors themselves, Scotia Synfuels Ltd., and officials from the two federal departments principally involved in passing judgment on the relative merits of the project, namely Energy, Mines and Resources, and Industry, Science and Technology.

We found out that for the project sponsors, receiving approval for federal financial assistance for this project has been, to put it mildly, an arduous process. Bounced around federally from department to department for many years, the proponents' request for federal aid was finally turned down in November 1990. Even though the project displayed a number of important socio-economic, technological, regional, and environmental advantages, Scotia Synfuel's request for assistance was primarily rejected on the basis that the project was deemed to be fundamentally uneconomic.

More recently, in December 1991, Scotia Synfuels, along with officials from the Government of Nova Scotia, presented a substantially altered funding proposal to the federal government. In a letter to the committee dated June 9, 1992, the president of Scotia Synfuels, Allister Gillespie, points out that the sponsoring parties now wish to promote the financial participation of the federal government in a $15 million test program and feasibility study. The results of this work, to be undertaken in conjunction with a subsidiary of the Venezuela National Oil Company named Corpoven, would then be used to establish the commercial feasibility of the Synfuels plant.

The letter also mentions that a decision has been reached to proceed with what can actually be considered as the first construction phase of the Synfuels project, the rebuilding and modification of the marine oil terminal at Point Tupper as an

international commercial storage and trans-shipment facility. This is a stand-alone project with financing to be provided in part from U.S. corporate sources.

Regarding the Synfuels project's commercial stage, no longer are the proponents requesting the federal authorities to provide loan guarantees. The request for interest subsidies has also been dropped. Capital cost financing will, as before, be totally met through the private sector. What Scotia Synfuels does ask for is access to a 30 per cent special investment tax credit and excise tax remission on its derived product.

Proponents are convinced that the economics of the project have improved measurably since the funding rejection. They attribute this to lower feedstock costs achieved through the negotiation of a netback price arrangement with Corpoven; higher revenues as a result of modified project configuration; and lower financial costs given the project's eligibility for the investment tax credit.

We as a committee are recommending in this report that the government consider the revised economics of the project and, as well, the social benefits of a Synfuels plant in eastern Canada. We have urge strongly that the federal government support this worthwhile venture. It is, we believe, a project for the 1990s.

I would urge one of my colleagues—from either side of the house—to move the adjournment of the debate, because, as I said at the beginning of my remarks, I am sure other senators will wish to speak to this matter.

On motion of Senator Molgat, debate adjourned.

[*translation*]

CONFLICT OF INTERESTS

CONSIDERATION OF REPORT—DEBATE ADJOURNED

On the Order:

> Resuming the debate on the consideration of the Report of the Special Joint Committee on Conflict of Interests (subject-matter of Bill C-43, An Act to provide for greater certainty in the reconciliation of the personal interests and duties of office Members of the Senate and of the house of Commons, to establish a Conflict of Interests Commission and to make consequential amendments to other Acts), tabled in the Senate on June 10th, 1992.

Hon. Normand Grimard: Honourable senators, I was a member of the Special Joint Committee on Conflict of Interests. Our joint chairman, Senator Stanbury, asked the senators who were on this committee to make a presentation on one particular subject.

I decided to offer some comments on the role we wanted to confer on the Jurisconsult, the person who would be responsible for administering any future conflict-of-interests legislation.

Before starting on my main topic, I would like to congratulate Senator Stanbury, the joint chairman of our committee, on the way he chaired our proceedings. I would also like to emphasize the invaluable contribution made by the other senators on this committee: Senators Balfour, De Bané, Kelleher, Oliver and Olson.

Honourable senators, to prepare our report we had to examine Bill C-43 which was the subject of our discussions.

Bill C-43 recommended more specifically the appointment of a commission that would be responsible for enforcing the conflict of interests provisions. The commission was to consist of three commissioners. I must admit that at first I felt this made eminent good sense, for the simple reason that the commission would have to deal with about 400 federal parliamentarians.

However, honourable senators, after hearing testimony by the Jurisconsult for the Province of Quebec, as well as by the Commissioners for Ontario, Nova Scotia and British Columbia, we realized that it was better to have one person look after the administration of the *Conflict of Interests Act*.

Why? For the simple reason that Mr. Justice Evans, commissioner for a province as big as Ontario, told us that he had plenty of time to take care of administering the *Conflict of Interests Act* on a part-time basis, with only one permanent employee on staff. That is why we set aside the concept of a Commission with three Commissioners, to avoid additional expenditures and a welter of bureaucratic red tape and also to be sure there would be no confusion about the decisions.

We suggested appointing a Jurisconsult and not a commissioner. Why a Jurisconsult? Because such a person would not only administer the legislation but would also advise parliamentarians, which we think is very important.

To maintain the integrity of the system, it was important, honourable senators, to establish procedures for the appointment of the Jurisconsult. In our recommendations we suggest the jurisconsult should be appointed by the Governor general in council, following an address from both Houses, tabled in the other place by the Prime Minister and seconded by the Leader of the Official Opposition, after consultation the other opposition leaders, and also after consultation with the leader of the opposition in the Senate.

In our recommendations we said that the jurisconsult is appointed for a seven-year term, that this term may be renewed but may also be revoked, as in the case of all senior officials, by an address from both Houses. One of our suggestions was that the jurisconsult should appoint public servants to help with the administration of future conflict-of-interests legislation.

We also suggested in our report that the jurisconsult should have four main functions: to examine statements by parliamentarians; to prepare public statements without quantifying them; to advise parliamentarians; and finally, to investigate violations as required.

It is important to note that we recommended on several occasions that members should be able to request a written

opinion that would be binding on the Jurisconsult provided that full disclosure is made and is truthful.

In the report we tabled basically, we suggested that the Jurisconsult is not an enforcement officer, but should be—in legal terms—an amiable compositeur.

We suggested that the Jurisconsult should have the power to set up an inquiry in the following instances: first, on a complaint made by a member against another member and, second, on his own initiative. Please note that he has the power in both instances.

However, we suggested that he must set up an inquiry in the following instances: at the request of either House or at the request of the Prime Minister where a minister or a parliamentary secretary is involved.

Our recommendations were to the effect that instead of imposing sanctions, the Jurisconsult recommends one of the following sanctions to the House where the member sits: a simple reprimand or a temporary suspension with or without pay and, finally, leaving that seat vacant.

What is important is that the Jurisconsult has the power to recommend, not to decide. Ultimately, it is up to the House where the member sits to decide within 15 sitting days.

Honourable senators, we tabled a unanimous report with the understanding, however, that each of us would have an opportunity to make recommendations and suggestions. We have heard 31 testimonies in 26 hearings. At the conclusion of our deliberations, we reached a unanimous consensus: the person best suited to administer a future conflict of interest legislation would be a Jurisconsult.

Honourable senators, you will hear about other aspects of this report from other honourable senators who sat on this committee.

It was a pleasure for me to take a few moments to outline for you the very important role the Jurisconsult would play in administering a conflict of interest law. Thank you, honourable senators.

On motion of senator Lynch-Staunton, debate adjourned.

● (1630)

[*English*]

INTERNATIONAL HEART HEALTH CONFERENCE

MEETING HELD IN VICTORIA, BRITISH COLUMBIA

Hon. Wilbert Joseph Keon rose pursuant to notice of June 15th, 1992:

> That he will call the attention of the Senate to the International Heart Health Conference, held on May 28, 1992, in Victoria, British Columbia.

He said: Honourable senators, I appreciate this opportunity to draw to your attention the issues discussed at an historic international conference in which I had the honour of participating last month. The International Heart Health Conference was held in Victoria, B.C., from May 23 to May 28. It was historic in that it brought together from around the world for the first time health professionals, scientists and decision-makers from many sectors and jurisdictions, including the political sector.

[Senator Grimard.]

At the culmination of the conference on May 28, the Conference Advisory Board produced a summary document entitled *Bridging the Gap: Science and Policy in Action*, which includes a declaration emanating from the conference, known in the heart health circle as "The Victoria Declaration", and two supporting documents, *A Call for Action* and *A Framework for Policy in Action*. This declaration represents a policy blueprint formed with consensus by international experts. For the record, I would like to read to you some of the Victoria Declaration.

> Recognizing that the scientific knowledge and widely tested methods exist to prevent most cardiovascular disease, the Advisory Board of the International Conference on Heart Health calls upon:
>
> - health, media, education and social science professionals, and their associations;
> - the scientific research community;
> - government agents concerned with health, education, trade, commerce and agriculture;
> - the private sector;
> - international organizations and agencies concerned with health and economic development;
> - community health coalitions;
> - voluntary health organizations;
> - employers and their organizations
>
> to join forces in eliminating this modern epidemic through the adoption of policies and implementation of programs of health promotion and disease prevention and regulatory change directed at entire populations.

Cardiovascular disease is the leading cause of death in Canada, as it is throughout the world, especially in industrialized countries. A 1991 Heart and Stroke Foundation publication entitled "Cardiovascular Disease in Canada" reports that 41 per cent of all deaths in Canada in 1988 were due to various forms of cardiovascular disease.

There are tremendous variations among countries, Romania being notably high at 496 deaths per 100,000 population, and Japan among industrial nations notably low at 174 deaths per 100,000. Canada's rate of 264 per 100,000 stood somewhere in the middle of countries surveyed. Within Canada there are age, gender, geographic and socio-economic differences.

As people age, they are more at risk. Men are far more at risk than women, although after 70 the risk to women catches up to that of men. People living in the Atlantic provinces have a higher rate of heart health problems, and resulting death,

than other Canadians; and there is a high risk for people less well off in lower socio-economic groups.

Cardiovascular disease also imposes a tremendous cost on our health care system and our economy. As of 1987, over 20 per cent of all patient-days spent in hospital were for treatment of cardiovascular disease, and cardiovascular patients had a longer average length of stay in hospital compared to other patient. Over one quarter of disability pensions paid in 1986 were because of cardiovascular problems. Add to those costs the lost years of productive work and earnings of the thousands of people who die or are disabled each year because of heart health problems. We have made some progress in Canada and other industrialized countries in reducing those heart health problems and in reducing the mortality overall at a rate of about 2 per cent per year.

The discussions at last month's conference in Victoria also underlined another problem. While we are slowly reducing the incidence of heart health problems here, they are steadily increasing worldwide because of their increasing incidence in developing nations and in central and eastern Europe. The "Call for Action" section of the Victoria Conference document "Bridging the Gap" has a very clear message for citizens, communities, and governments in Canada and throughout the world:

> Cardiovascular disease is largely preventable. We have the scientific knowledge to create a world in which heart disease and stroke could be virtually eliminated . . . We already know, from studying downward trends in cardiovascular disease in many countries, how to reduce its toll.

Not only that, but the report also points out that an attack on heart health problems would, at the same time, help to alleviate other health problems.

The major causes of cardiovascular disease are known: smoking, high blood pressure, high blood cholesterol, unhealthy diets, excessive alcohol consumption, obesity, sedentary lifestyles and stress. As the report says:

> Reducing or, ideally, eradicating them will produce declines not only in cardiovascular disease, but also in other noncommunicable diseases which share similar risk factors—for example, many types of cancer and lung and liver disease.

The message of the report is clear: A dollar given or an hour's time donated for promoting heart health is a contribution to the overall health of our citizens.

What does the International Heart Health Conference prescribe? It suggests several broad areas for action. First, educating the public about the causes and the importance of heart health problems and building consumer demand for health promotion initiatives; second, applying and extending the scientific base of information to promote policy action—for example, in publicizing dietary guidelines and smoking cessation information; third, creating political will to promote public health and resist economic pressures that would detract from a heart healthy environment; fourth, building partnerships at the local, national and international levels, including both public and private sectors, to promote public health. These broad recommendations point us in the direction of a multi-faceted, multinational attack on a range of health problems with a focus on heart health leading the way.

Some of the causes of heart health problems are simply beyond our control. Gender and age differences and genetic factors in cardiovascular risk cannot be changed by government action or promoting lifestyle change. Other factors, though, can be changed. Some are very difficult to address, such as socio-economic and geographic factors. In Canada, those go hand in hand. Our poorest people are concentrated in our poorest provinces, Atlantic Canada, and run the greatest risk of heart health problems.

Health and Welfare Canada published a superb document earlier this year, "Heart Health Equality: Mobilizing Communities for Action". That report offered us this insight:

> Heart health inequality represents a major opportunity for society to acknowledge and deal with the broad, socio-economic determinants of health . . . the heart health experience can provide valuable lessons on how persons of low socio-economic status may improve their access to health-promoting conditions.

That is a valuable observation which I believe points to an equally valuable conclusion. Our citizens must have the opportunity to prevent heart health problems. In the first place, we need to make the effort to educate people about health problems and promote healthy lifestyles. At the community level, no matter how big or small a community, much can be done to inform people about the risks of smoking, lack of physical exercise, obesity, quality diet and so on, and much can be done to encourage change in lifestyle to promote better health. Community mobilization, using the combined forces of local media, political opinion leaders and the contributions of time and energy of concerned citizens and medical experts can work wonders in creating a health-conscious local environment that can prevent the development of heart health problems.

What about the role of governments? The "Framework for Policy and Action" section of the International Heart Health Conference report includes some simple prescriptions for governments. It recommends that government take leadership in formulating national strategies for the active promotion of heart health and prevention and control of cardiovascular disease; implementing comprehensive programs to educate the public on the potential for prevention of heart disease and stroke; developing public policy supportive of social, economic and marketing environments which are conducive to healthy lifestyles.

We in Canada have the opportunity to lead the world in this agenda. The conference report concludes—and I support these conclusions—that governments at all levels—municipal, regional, provincial, national and multinational—have a primary responsibility for agreement upon and promotion of

broad-scale health promotion and disease prevention. This must include a commitment to reducing health and social inequalities and the promotion of heart health among disadvantaged and lower socio-economic groups. It is also interesting that the suggestion is made that AIDS, a disease which may wipe out one-third of the world's population, is also totally preventable.

The Victoria Declaration concludes:

> A balance is needed between the resources available for treatment and those available for prevention ... Even modest levels of government funding can help to catalyze the process and promote the development of necessary partnerships. These funds or "seed monies" may also help to mobilize resources from other sectors. Compared to the cost of treating cardiovascular disease, the resources needed to implement health promotion and disease prevention programs are very small.
>
> Governments should realize that major savings in health care costs will be realized by preventing risk factors from appearing in the first place.
>
> Science is the art of the soluble while politics is the art of the possible.

The scientific information we now have before us in the field of heart health care is that even fairly limited expenditures by governments on health promotion and disease prevention in the short term can help to develop community health coalitions, encourage the private sector and media to assist in promoting healthier lifestyles, and, in the longer run, produce considerable savings for governments in the treatment of health problems.

The message I should like to leave with you is this: Through the art of the possible, through thoughtful government leadership and action now in support of health promotion programs and health-conscious community programs and coalitions, we can help save lives and prevent disabilities.

We will do so while saving health care costs, saving lost production to our economy and contributing to the health and welfare of our citizens.

With leave, honourable senators, I should like to table this report.

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

Hon. Senators: Agreed.

The Hon. the Speaker: As no other honourable senator wishes to participate, this inquiry is considered debated.

Inquiry debated.

BUSINESS OF THE SENATE

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, had we known that we would go through the Order Paper so quickly we would have scheduled the vote at 5:30, but it would be highly irregular and unfair to change the hour just to suit those who are here. I would suggest that we follow the original schedule of holding the vote at 9 o'clock but suspend the session and reconvene at 8 o'clock. We have already agreed to a 30-minute bell.

The Hon. the Speaker: We have agreed to a 30-minute bell at 8:30 p.m.

Senator Lynch-Staunton: Yes. Perhaps we should reconvene at 8 o'clock.

Hon. Royce Frith (Leader of the Opposition): Perhaps the honourable senator could elaborate on the unfairness a little more.

Senator Lynch-Staunton: Some senators have obviously scheduled the vote into their agendas. To change the hour without any warning would be unfair. Committees are also scheduled to sit. As you know, we also have a heavy day tomorrow.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, one senator would be prepared to speak to Item No. 1 under Reports of Committees if we may have leave to revert.

Senator Lynch-Staunton: We would be happy to hear him.

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

Hon. Senators: Agreed.

[*Translation*]

SPECIAL JOINT COMMITTEE ON A RENEWED CANADA

CONSIDERATION OF REPORT—DEBATE ADJOURNED

Leave having been given to revert to Reports from committees.

> Resuming the debate on the consideration of the Report of the Special Joint Committee on a Renewed Canada, dated 28th February, 1992 (Sessional Paper 343-416A).

Hon. Maurice Riel: Honourables senators, I want to address the issue of the Senate reform from an historical perspective.

We know that the Senate was entrenched in the Constitutional Act of 1867 at the request of and under pressure from Quebec. You can find evidence of that in every speech made by the politicians of the time, starting with Sir John A. Macdonald.

One must add that the Maritimes also wanted a Senate where they would have had enough weight to represent their regional interests as opposed to the rest of Canada, and especially Ontario.

The word "region" is very important. The Constitutional Act of 1867 establishes the Senate to represent regions, not provinces. Balance was achieved by appointing 24 senators for each region. You had then three provinces and what could be called a minority veto for political protection.

When the western provinces were created and joined the Confederation, a fourth region was created and 24 senators were added. That division of the country into four regions for the purpose of the Senate should have been and should be adhered to, in my humble opinion, during the Constitutional debate or negotiations; otherwise, it is the minority which rules, not the majority.

The veto for political protection of the three regions became the veto of a quarter instead of the veto of the third when the Western provinces joined. Clearly Quebec, as a region, was losing some of its protection powers just as were the other two regions.

One can wonder if the minority veto of one third or the new veto of a quarter offered real protection for the minorities, in the Maritimes and in Quebec, protection of every aspect of their life, that is to say of Quebec's language and education rights and protection of their commercial rights for the others. The protection of commercial rights was of much greater concern for the Maritimes. I have the feeling that this minority protection gave way to the party lines spirit which invaded the Senate just as it would have a second House of Commons.

From the start, senators were appointed according to party lines. The government was operating as in Westminster according to the system of parliamentary majority, with the Senate majority being added to the House majority, just as is happening today. I am not a criticising, I am just stating a fact.

I already said, a few years ago in this chamber, that when Sir Wifrid Laurier came into power in 1896, one could count the Liberal senators on the fingers of one hand. The Conservative majority rejected, in 1898, his bill regarding building a railroad in Ontario.

In 1913, the Tories were back in command since 1911, but the Liberals still had a majority in the Senate where there were only five Tories left in 1911. The Liberal Senators negatived the Navy bill adopted by the Tories in the House of Commons. That shows how much the Senate respected then, as always, the party lines.

That is why, in a parliamentary system such as ours, as senator Bolduc said so appropriately the other day, an efficient government always seeks to obtain the majority in the Senate. If a government has a majority in the Senate, its bills will always pass. That was the system chosen for the British House of Lords and Parliament.

In 1909, the House of Lords, with a Tory majority, refused to accept Prime Minister Lloyd George's budget. That signalled the beginning of the end for the House of Lords' powers.

Today, in Westminster, according to agreements between parties which became law during the fifties, whatever the representation of each party in the House of Lords, the government in place automatically has a "majority", a fictitious but very real majority in that House. The Lords have lost their powers except for the authority to "delete and delay", but even then, with certain restrictions.

It was therefore recognized in England that the last word should be given to the elected House of Commons.

Prime Minister Wilson, in his speech on the reform of the House of Lords, declared in the Commons that the committee had determined that the House of Lords was neither an opponent nor a competitor of the Commons.

In Canada, because there was no amending formula, the powers of the Senate were never modified except when, in 1982, it was given a six month suspensive veto on constitutional matters and when a legislation, which some labelled the iniquitous, was adopted to set the retirement age at 75.

The true mandate of the Senate in Canada is a power to review and revise and a duty to reflect. One could summarize the Senate's role with these three Rs—review, revise, reflect. Our predecessors, senators Dandurand and Arthur Meighen reflected and wrote on that subject; they deplored the narrow partisanship of the work done in the Senate and promoted the philosophy according to which the senator's role is almost judiciary.

Indeed, just what is the Senate? Sir John Macdonald said that it is a house of sober second thought. Indeed, the Senate must be the conscience of Parliament, if not of the whole country. For this, it must have a moral authority. The Senate is useless if it does not have a moral authority. It is this moral authority that will ensure its credibility in the fulfilment of its duties. The credibility of the Senate depends entirely on the actions and measures of the senators, as well as on the image that they project of their House. The Senate must be the good father of the family formed by the nation.

Since senators are appointed for a long term and are not elected, they have the duties (which I believe I have indicated) of reviewing, revising and reflecting, and they must not, in my opinion, show partisanship. A near-magistrature must bring senators to control their partisanship while still adhering to their party. They must show moderation. This is the corollary of the sober second thought.

Nowadays, the House of Lords has a significant number of Lords that do not belong to any party. They are called "cross benchers" because they sit in the main alley between the two rows of seats of the government and the opposition, where our Gentleman Usher of the Black Rod sits.

The "cross benchers" are mostly members from the civil service. They are former ambassadors, high ranking bureaucrats, etc. They are "life peers". They form the nucleus of committees, of which the most important ones monitor the European Common Market. Indeed, 90 members of the House

of Lords form six or seven committees that monitor the evolution of trade, policies, as well as the European Common Market.

Eight years ago, I suggested the creation of a nucleus of independent senators in the Senate by using the section of the Constitution that gives the government the power to appoint eight extra senators. I suggested then that former Prime Ministers of Canada, as well as former Provincial Premiers, be automatically members of the Senate when they leave office, on simple notice to the Clerk of the Senate.

I figured that there is always eight to ten surviving former Prime Ministers and Premiers in total. In any case, governments appoint them (at least most of them) to the Senate.

We have had senators Hicks, Smith, Robichaud, Manning, Roblin and Hatfield, and now we have Senator Buchanan. I may forgetting others. I thought that this nucleus of "elderly statesmen" with its independent status might be able to have a positive influence on the partisanship that pervades our ranks.

[*Translation*]

My proposal was not accepted, which, seven years later, allowed this government to send us one day eight distinguished Canadians to give itself a majority. However, contrary to what I had expected, they did not came to the Senate as independents, but joined the caucus of the party that had appointed them. I do nos discuss their choice nor do I blame them for it because they are Canadian citizens as well as I am and certainly of high quality. I have known some of them for many years and I highly appreciate their competence and their hard-working spirit. But the immediate impact did not help improve the partisanship on either sides of this House. All that is not the fault of this group of new eight senators, for they got here in the middle of an epic battle. They did not have much choice.

I said at the time to Senator Flynn that all senators are inhibited by the Prime Minister who appointed them. So I came to the conclusion that my proposal was probably Utopian and would never be implemented although some former prime ministers, federal as well as provincial, found it serious.

Individually, the actual senators are all qualified people to sit in the Senate. Please excuse me in advance, but those who would get elected will be no better than those who are here presently. But as a group, i.e. in a caucus or in this Chamber, like any other individual under the same circumstances, senators get carried away, all stirred up and excited, and in the grip of emotion take positions they are prisoners of and when the promotion of those positions get fierce in the face of resistance, they give up all standards of common sense. I have seen it on both sides of this House; I do not set myself up as a judge, I just watch as I already said to Senator Grimard. This phenomenon is as old as the hills, it was true among the Greeks and among the Romans, in every public body. Here is how Lord Chesterfield, 200 years ago, expressed this.

[Senator Riel.]

• (1700)

[*English*]

What is certain is that when great numbers of people congregate they tend to animate each other and, collectively, do something—either good or bad, but more often bad. In that situation, individuals, who were separately peaceful grow tumultuous as a body and are ripe to take part in any mischief that may be suggested to them by their leaders.

[*Translation*]

At college, they told us "nihil in clamore", meaning to rant and to rave is pointless.

On several occasions, to sit in this house was like being on a battlefield, which brings me to this conclusion: There are no bad institutions or constitutions like there are no bad tools, only bad workmen.

Nowadays, some Westerners, and the government of Alberta in particular, want to reform the Senate and change the way senators are designated.

They want to replace the word regions in the Constitution by provinces. Instead of having 4 regions or 5 with the Yukon and the Territories, we would have 10 provinces plus two territories with the same number of senators for each province. As mentioned in the Alberta report, the object of this proposal is to offset the powers of the two central provinces.

Personally, I always thought the power of the central provinces was pretty well counterbalanced, with 24 senators from the Maritimes, 24 from Quebec, 24 from Ontario, 24 from the West and 8 other senators from various regions. That, to me, looked like a well-balanced Senate.

However, the movers of this proposal say this is a step toward a better democracy, but what is representative democracy? We always said it was rep by pop, which became a slogan in the last century. I wonder how the movers can guarantee that their proposal will always give their region or their province the majority in the Senate, and what if they lose this majority, will they want to bring some more changes in a few years to better represent the interests of their provinces? Would it not be ironic in some way if the majority, made up of 26 MPs for Alberta, voted for a bill and the 6 senators from Alberta voted against it? Would it mean that the 6 senators prevail over the 26 members from the same province?

We realize that we should have a mandatory conciliation committee between both Houses. It visits in France and in Germany. In France they have a joint committee, and in the case of a deadlock the Assembly prevails.

What do the promoters of the triple E Senate want? Surely to have more power in Central Canada. But the real power belongs to the Cabinet no to the Senate. It belongs to the government in our parliamentary majority system. Right now, westerners hold Cabinet's most important departments. Here

is a short list. The Right Hon. Joe Clark is President of the Queen's Privy Council and Minister responsible for Constitutional Affairs. Mr. Mazankowski is Deputy Prime Minister and Minister of Finance. Mr. Epp is Minister of Energy, Mine and Resources. Mr. Andre is Minister of State and Leader of the Government in the House of Commons. Mr. Siddon is Minister of Indian Affairs and Northern Development. Mr. Mayer is Minister of Western Economic Diversification and Minister of State (Grains and Oilseeds). Mr. McKnight is Minister of Agriculture. Mr. Oberle is Minister of Forestry. Mrs. Mary Collins is Associate Minister of National Defense and Minister Responsible for the Status of Women. Mrs. Kim Campbell is Minister of Justice and Attorney General. I believe no other departments are more important than those ones.

On top of that we have the Speaker, the Chief Government Whip in the House of Commons and the Governor General. I would also add that most members from the West are government members. Forty-six out of 86, and 23 out 26 in Alberta, are government members. How can we not say that the present government is not dominated by western power? At one point we used to say the same thing about the French. The government has been in office for eight years, but does that mean that westerners do not have confidence anymore in their representatives in Cabinet and that all these ministers and members are not doing their job or are incompetent?

In fact, when I read this list, I see that all of them enjoy a good credibility. I know a few personally for whom I have much respect.

By virtue of this triple-E principle, should not Cabinet positions be distributed equally among all provinces? Are westerners ready to apply to the Cabinet the same rule they are proposing for the Senate?

I will now deal with the election of senators. I have no objection whatsoever to the election of senators, but people should look at the "landers" in Germany, where the number of senators is not the same. In France, ridings are not all the same. Paris has twelve senators, while Seine-et-Marne has only three and some regions only one.

We know that our friends in Alberta are inspired mostly by the American model, where all 50 states have the same number of senators and where the Senate has enormous powers. One must not forget that the President can veto the bills coming from the Senate. That veto can be overridden, but only by a two-third majority vote, which means the veto can stand with the support of only 34 out of 100 senators. During a recent meeting with American friends, they were complaining about the fact that, too often, the President does not have a majority in Congress and that he is prevented from having the bills he would like. They find such a situation humiliating for the President and bad for the U.S.A., and they considered our system with its parliamentary majority more in keeping with a democratic government. As you see, the grass is always greener on the other side of the fence.

France adopted a new constitution some 25 years ago. It now has a semi-presidential system where the Senate is elected, strong but unequal. The French Senate operates very smoothly. I had the opportunity some years ago to be seated at the same dining table between two French senators, a communist, a worker from Dunkirk, and an independent, a farmer from Colmar area in the Alsace region. Both spoke highly of the work done in the Senate, although they did not belong to the same party, and in fact belonged to opposite ends of the political spectrum.

Appointed or elected, Canadian senators will only be humans like ourselves, Canadians of good will from all regions of the country, equal among themselves and efficient each in their own ways. But do not be fooled, appointed or elected, senators will toe the party line, either in government or in opposition. With the system that Alberta is proposing, we would have a Senate with the same majority as the Commons, or a Senate totally divided, fragmented and orreconcilable, fostering the interests of the provinces, from the smallest to the largest. Will that cure the ills our western friends are complaining about? We will have a Senate with a majority or without a majority, that is to say a fragmented Senate.

If western Canada, and especially Alberta, believes that it does not now have enough power and influence with about fifteen of the most important ministers in Cabinet, do you think that it will have more with six senators out of a total of 64 or 66? As far as I know, the Senate does not have a big influence on our governments, and you must be quite ignorant about men and history to believe that it ever has. If the proposal made is based on such a premise, you are deluding yourself.

I am—and I said it 16 or 18 years ago—in favour of an elected Senate, as the one in France, where senators are elected for nine years by indirect universal suffrage, that is by representatives and delegates of municipalities, regional councils and other local public bodies, with a third of the senators being replaced every three years. That insures a real regional and local representation while giving a chance to send to the Senate a third of new members every three years.

And that is what counts, because democracy means allowing people to participate and choose their parliamentary representatives. Municipalities and regional councils are the real regional voters. They are different from ordinary voters who elect members of Parliament. Our city mayors and municipal councillors in all regions constantly live close to their constituents, thus they know them and their concerns better. They constantly take the pulse of their constituents. Let us rely on them.

The French experience is positive. A large majority of senators are mayors or municipal councillors. We need different voters to elect a different house, otherwise, if voters were the same, their members of Parliament and their senators would be competing one another.

Besides, we must not forget that if you elect six senators at-large for each province, election expenses would be exceedingly high in some provinces. In the State of California, where two senators are elected, it each of them tens of millions of dollars each to get elected, even with the support of their respective parties.

Either these senators accept to be financed by their parties in order to get elected and are bound to obey their wishes in the Senate, or they have to finance their campaigns from contributors monies or from their own pocket funds, like Mr. Ross Perot. If they finance themselves through fundraising, you just have to remember the Keating Five to know that it can be extremely dangerous if you do not have the support of a party to run at-large in a province-wide election. If you elect six senators at-large in the province of Alberta or Ontario, I think it will cost as much as a general provincial election. And the same goes for Quebec. You move the same people in the same environment and within the same territorial limits.

Moreover, if you elect a limited number of senators, for example, six at-large in a province like Quebec or Ontario, where the first six on a list would be elected, you would not have a minority in the Senate anymore.

You would no longer have senators like Lynch-Staunton from Quebec or Kolber or Charlie Watt. There would only be six. I am not sure whether the situation would be the same in other provinces. I could ask Senator Molgat whether members of minorities could be elected in Manitoba.

In the past 25 years, Canadian senators have been appointed on a multicultural basis, I would say. All in all, we have moved towards representing various national groups and ethnic communities.

Having senators elected by delegates of municipalities or regional councils would balance this representation more democratically because it would reflect population shifts.

If one third of the senators were replaced every three years, it would give all ethnic or professional groups a chance to be represented in the Senate and also give women's groups more representation in our House.

I gave you one point of view, honourable senators. As Senator Hays said last week, it is one among many. We are here to discuss our points of view calmly and reflectively.

I will conclude by saying that the most important consideration is the Senate's moral authority. Whether senators are appointed or elected, the Senate must have moral authority and the Senate's credibility must be strengthened, because if we do not come up with a better parliamentary body through all this effort, it would be preferable not to go through with the changes. As I said earlier, I was just repeating what ancient sages said:

> Institutions are not bad; men make bad use of them.

In summary, whether elected or appointed, the Senate will never be anything but what senators make it.

[Senator Riel.]

Hon. Normand Grimard: Honourable senators, may I ask you a question? If I understand correctly, you favour the French system which consists in having senators elected by an electoral college.

A few weeks ago at a NATO meeting, I met a French senator who was nearing the end of his third term, which means 3 terms of 9 years each—a total of 27 years. I said it was nice to have been elected three times. He said: "I will have no trouble getting elected a fourth time". I ask him why? He answered: "Because my electoral college is very small, so I only have to take care of 840 electors".

I think your argument doesn't quite hold water when you say that every nine years, one-third of the Senate would change. In any case, if we have one senator who is elected for life—and I am thinking of the Speaker of the French Senate —I don't know how many terms he has served, but for all practical purposes, I think that if we adopt the French electoral system, we will have senators who are practically there for life. I would appreciate your comments.

Senator Riel: Honourable senators, we already have that here now, and I haven't heard you complaining.

I have been thinking about this. If you consider that usually a French department has 180,000 electors, then if there are only 840, this is well below average.

Usually there are more. In Seine et Marne, for instance, I think the senator you referred to who was re-elected for a third term, which means 27 years altogether, I think he was one of the Deputy Speakers of the Senate, if I am not mistaken. Our own Speaker knows him well. Yes, he was elected, but they have three senators in Seine et Marne. Well, if the electoral college that elected them is satisfied and it works, there is really nothing to complain about, is there?

The French Senate has an excellent reputation, and it is also the House of sober second thought. In Seine et Marne, one of their senators may have been elected for the third time, but this is where they located Disney World Europe which is a very advanced concept and which put the whole Seine et Marne valley on the map.

Just because someone is 80 or 85 years old like Senator Poher who has been Speaker of the Senate for quite some time, doesn't mean the person isn't all there. In fact, Senator Poher is very much all there and he is still Speaker of the Senate. And more power to him! Does that answer your question?

Senator Grimard: Thank you, Senator Riel. 2

[*English*]

Hon. Dan Hays: May I ask a question of Senator Riel? I listened with great interest to your important contribution to this debate. You, like many people, have focused on the issue of deadlock if we have a Senate, whether it is 26 to 6 in your Alberta example or whatever. You have talked about the American, the German and the French Senates. I talked about

the Australian Senate. They are all examples of bicameral systems that work.

However, you seem to agree with those who assume that a new Senate—let us say an elected Senate—for Canada with a strong regional or provincial bias, much more so than now, would create impossible problems of deadlock; that the senators would conduct themselves in a way that would create unacceptable problems, if I am not mistaken, for a government.

I wonder if you could elaborate on why that would occur? It does not occur in some other systems. You gave the United States as an example, but they do govern there with difficulty. We would not want to duplicate many of the problems that arise out of election expenses and so on.

Would you not agree that there is the option here to fashion a Canadian Senate that would be unlike any of the ones about which we have spoken, that would have a proper balance and would minimize the problem of deadlock? In any event, you said it is a problem. If you could comment or elaborate on why you think it is a problem, I would find it helpful.

Senator Riel: I hope I have said, from my jotted notes, that between the two Houses I recommend, as a *sine qua non*, a committee of conciliation. This committee should be a committee paritaire. I believe I said that. In France, it has to sit. If there is a difficulty, for instance, between 26 members of Parliament and 6 senators, and the 6 senators could contribute to or organize a veto on the same proposition, I believe it should go to the committee of conciliation and be disputed there, discussed there, negotiated there. After a period of time—two or three months, I do not know—they would arrive at a solution.

In the French system, they are given the time to negotiate, and if after a reasonable period—and I do not know the exact limit—they are not able to agree, then the government makes a decision.

We cannot say all that we have in mind when we make a speech. There is another system. You want protection for one province. But what if the members have voted on one side and the senators who are only 6 in number are voting on the other side? I would understand that if 26 members voted against a bill and the six senators voted against the bill. Then it becomes a little more serious. I believe then we should consider immediately a question of veto, because the members and the senators of the same province are all together.

If you have a different position between the two groups, the senators and the members of Parliament, I would hesitate. I believe no parliamentary system can proceed if there is no conciliation committee. In the end, we have to agree to govern the country and to reach some point of decision.

On motion of Senator Stollery, debate adjourned.

The Hon. the Speaker: The Senate will adjourn during pleasure, until 8 o'clock. Is that agreed? The bell will ring at 8:30 p.m. for the vote at 9 o'clock. Is that agreed, honourable senators.

Hon. Senators: Agreed.

The Senate adjourned during pleasure.

• (2000)

At 8 p.m. the sitting of the Senate was resumed.

VETERANS AFFAIRS

THE VALOUR AND THE HORROR—CONTROVERSY OVER NFB FILM

Leave having been given to revert to Inquiries:

Hon. Philippe Deane Gigantès rose pursuant to notice of June 18, 1992:

> That he will call the attention of the Senate to the scholarly aspects of the controversy over the inquiry by Senator Marshall's sub-committee into the film, *The Valour and the Horror*, prepared by the National Film Board and presented by the CBC.

He said: Honourable senators, I promise to speak five minutes and no more on the issue that Senator Marshall is bringing up in his subcommittee, which is going to cause more disgrace to rain upon the Senate, when we hardly need any more.

I am a professional historian and I should like to say a few things about historians. The veterans who are Senator Marshall's followers in this issue are going to bring their own historians to the hearings, as if historians were oracles, as if they were people who told the truth. Let me tell you that we historians are generally propagandists for one issue or the other.

A typical confrontation between two historians happened at the American philological association meeting some years ago when Professor Merritt, the great professor from Princeton, appeared there and met his favourite student, the great professor from Berkeley, Pritchert. Professor Merritt crossed his arms, snorted, and turned his back on his formerly favourite student, and Professor Pritchert crossed his arms, snorted, and turned his back on the back of Professor Merritt.

What was their dispute? They had each imagined a slab of stone the size of your desk, and at one corner of that stone was a very small area of letters carved. The rest of the inscription was destroyed except for one scratch somewhere on the stone.

Professor Merritt assumed that that scratch was the remains of a letter and reconstructed from this little piece the whole of it. Professor Pritchert said that was just an accidental scratch, not the remains of a letter, and therefore had a totally different reconstruction of what that description said. That is historians for you.

Historians, who are chosen for the purpose, are going to come and tell us that there is something noble in war. There is nothing noble in war. Britain, which fought nobly in World War II, would have been nobler to be so prepared before the war that Hitler would not have dared start it. Wars are the dreadful and murderous mistakes of politicians, and most military leaders, especially in countries that have been victorious in previous wars, are people who have not learned lessons.

Arthur "Bomber" Harris comes from the Haig tradition, which says, "If we have one man standing on the battlefield at the end and the others do not, we have won." It does not matter how many hundreds of thousands of young men, women, old men and children get killed. War, says one category of people, the followers of Senator Marshall among the Chatterdon group, is noble. We should not remember anything bad about it because somehow it will besmirch the reputation of those who fought nobly in it. But among those who fight nobly in wars, very often the commanders who stay behind at their desks are not noble. They are ignoble, they are stupid, and they think the use of brute force is all that is needed.

It is terrible that a subcommittee of the Senate should rise to criticize an anti-war film, a film that says war is an abomination. Those who lead us into war are mistaken, and in some ways are criminal.

Inquiry debated.

ROUTINE PROCEEDINGS

CANADIAN ENVIRONMENTAL ASSESSMENT BILL

REPORT OF COMMITTEE

Leave having been given to revert to Presentation of Reports from Standing or Special Committees:

Hon. Dan Hays, Chairman of the Standing Senate Committee on Energy, the Environment and Natural Resources, presented the following report:

Monday, June 22, 1992

The Standing Senate Committee on Energy, the Environment and Natural Resources has the honour to present its

SIXTH REPORT

Your Committee to which was referred the Bill C-13, An Act to establish a federal environmental assessment process, has, in obedience to the Order of Reference of Tuesday, April 7, 1992, examined the said Bill and now reports the same without amendments, but with the following observations and recommendations:

LEGISLATIVE HISTORY

Bill C-13, the Canadian Environmental Assessment Act, would enact a new regime for federal environmental assessments. At present, these assessments are conducted under the authority of the *Environmental Assessment and Review Process Guidelines Order* (hereinafter the *Guidelines Order*), which was approved by Order in Council on June 21, 1984. By replacing the existing *Guidelines Order*, Bill C-13 would provide a statutory basis for environmental assessments at the federal level. It would also implement a revised regime that would define more clearly when a federal environmental assessment had to carried out and what steps would have to be taken in such cases.

Bill C-13 has had a fairly lengthy legislative history. It was initially introduced in the House of Commons as Bill C-78 in June 1990, and was subsequently referred for pre-study to a Special Committee of the House of Commons. This Committee held extensive hearings on the bill during the following months, and it received over 70 briefs from a wide range of interested parties, including provincial and territorial governments, aboriginal groups, industry associations, the business sector, environmental groups, academics and other concerned individuals.

Bill C-78 died in Committee when Parliament was prorogued in early May 1991. However, the bill was reinstated as Bill C-13 by motion passed on May 29, 1991, and was immediately referred to a House of Commons Legislative Committee for further study.

At his appearance before this Legislative Committee on October 10, 1991, the Minister of the Environment, the Honourable Jean Charest, tabled a number of proposed amendments which were considered in a second round of hearings held in the fall of 1991, at which a representative cross-section of witnesses had been invited to appear.

A significant number of amendments were eventually passed by the Legislative Committee during clause-by-clause consideration of the bill and, as amended, Bill C-13 was reported back to the House of Commons on December 9, 1991. Additional amendments were made at report stage, although these were primarily of a "housekeeping" nature to improve the wording, and harmonize the French and English versions, of the bill.

Bill C-13 was passed by the House of Commons on March 19, 1992 on a recorded vote of 172 to 27. It was subsequently introduced in the Senate, which gave the bill first reading on March 24. Second reading was given on April 7, 1992.

Your Committee held hearings during the months of May and June. Fifteen representative groups and associations appeared before us, as did officials from the Federal Environmental Assessment Review Office (FEARO) and the Department of Justice, including the Deputy Minister of Justice. We received written submissions from other interested parties, most notably the provincial and territorial governments which communicated their views to us either directly or through the auspices of the Canadian Council of Ministers of the Environment (the CCME). In addition, we heard from the federal Minister of the Environment, the Honourable Jean Charest, who appeared before the Committee on two occasions. We also had the privilege to hear from the Quebec Minister of the Environment, the Honourable Pierre Paradis.

We are indebted to all those who took the time and trouble to share their views with us and wish to thank them for their valuable contributions.

AN IMPERFECT PROPOSAL

Given the number of amendments that were passed in the House of Commons, Bill C-13 is a materially different proposal from what it was at its inception as Bill C-78. By most accounts, it is a much improved piece of legislation. Nonetheless, the bill remains controversial. Most of the submissions that we received called for further amendments to be made. Few of those who made representations, however, actually went so far as to state that, unless their recommended changes were adopted, the bill should not go ahead.

Your Committee has given careful consideration to the many concerns that were raised and has come to the conclusion that the bill should be recommended for adoption without amendments. We do so only with considerable reluctance, however, for, while we believe that the bill would implement a federal environmental assessment process that is superior to the process that is currently in effect, we also recognize that this is by no means a perfect proposal. In fact, Bill C-13 is a complex piece of legislation that seems to please no one completely, either because it "goes too far" or "does not go far enough."

A.The Bill Does Not Go Far Enough

Many of the witnesses that appeared before your Committee faulted the bill because it does not go far enough.

This was the position taken by the Assembly of First Nations (AFN), which was the only native association to appear before us. In the AFN's view, the bill was deficient because it did not expressly mention aboriginal and treaty rights. It also felt that the bill would not adequately protect the rights of the native people to a sound environment. It pointed out in this regard that, where a project was being proposed on lands that could affect the interests of the native people and a federal assessment was not otherwise required under the bill, the Minister of the Environment could intervene and order an assessment in such cases only where he or she felt that the project was likely to cause "significant adverse negative effects". Reminding the federal government of its fiduciary duty toward the native people, the AFN argued that this threshold for review was too high under the circumstances and that it should be lowered so that a review could be triggered wherever a project was likely to cause "adverse environmental effects."

Groups such as the Canadian Bar Association and the Canadian Environmental Law Association argued, in turn, that the bill's scope was too limited, for it would not apply to federal "programs and policies." In their view, requiring that an environmental assessment be carried out in relation to "projects" only was simply not good enough and they urged that the bill be amended expressly to apply to federal "programs and policies" as well.

Your Committee understands that the environmental implications of federal programs and policies are sometimes considered by Cabinet. This falls considerably short, however, of the government's commitment by two former Ministers of the Environment to carry out comprehensive environmental assessments on federal programs and policies. This is clearly not being done. In all events, to the limited extent that such assessments are being carried out, not a single one of these has ever been released publicly. Under the circumstances, it is not surprising that such strong representations were made to us on this issue, and that the bill should be amended to correct what many of the bill's critics consider to be a fundamental flaw in the proposed legislation.

Bill C-13 has also been faulted for its uncertain scope. As currently framed, the bill sets out in general terms the types of projects for which an environmental review might have to be carried out. The projects actually subject to review, however, and the extent of the review that would have to be carried out in relation to certain types of projects, would be defined under a variety of "exclusion" and "inclusion" lists prescribed under the regulations. Your Committee has strong reservations about this regulatory approach to law making. Suffice it to say at this point, however, that in the view of many critics, the environment would have been better served if, in the first instance, the bill had been made to apply to all spheres of government activity, subject to prescribing specific exemptions under the regulations.

Other commentators have criticized the bill because it would require that the relevant federal authorities decide whether or not the projects coming under their responsibility should be allowed to go ahead. Some argued that it would have been preferable if this function had been entrusted to a more objective and informed decision-maker, such as a specialized agency established for this purpose, or by the review panel in cases where a public hearing was required.

Where the relevant federal authority decided to proceed with a project that was determined upon review to have adverse environmental effects, concern was also expressed about whether the bill went far enough in requiring full and timely disclosure of the reasons for the decision.

A further complaint, common among the environmental and legal groups, was that the bill did not mandate the creation of an intervenor funding program, but would leave the establishment of such a program and of its operational details to the discretion of the Minister of the Environment. As a number of groups have pointed out, intervenor funding should be viewed as an integral part of the entire environmental process. It considerably improves the decisions that are made and, in many instances, it provides the only means by which meaningful public participation can be ensured where major

development projects are under consideration. Pursuant to its Green Plan, the federal government has earmarked $8.5 million for intervenor funding, which is to be spent over a period of six years. Apart from the fact that many critics view this sum as too meagre for the task at hand, the reality is that this fund was established administratively and could therefore be eliminated on a moment's notice. Although a legislative base is by no means a guarantee to the continued existence of programs, it would constitute a better safeguard than the discretionary measure proposed under the bill. For this reason, several witnesses strongly urged that the bill be amended expressly to provide for an intervenor funding program.

At report stage, the House of Commons added a provision that would require a ministerial review of the new legislation five years after its implementation date, with subsequent tabling of the report before Parliament (clause 72). Many members in the House, however, strongly felt that such a review should be carried out by a parliamentary committee and, indeed, this is what was prescribed in the French version of the bill, albeit by error, we are told. The parliamentary review option was also the preferred choice of a majority of the members sitting on this Committee, who felt that a public review would have been more in keeping with the bill's spirit of openness than a review conducted by officials behind closed doors. Although not many witnesses commented on this particular aspect of the bill, there is little question that, given the bill's controversial nature, a parliamentary review would have been justified under the circumstances. This option was not adopted in the end and, consequently, the ministerial review clause has been criticized as constituting yet another example of where the bill does not go far enough.

B. The Bill Goes Too Far

On the other hand, the bill was been criticized for going too far.

The Canadian Electrical Association, for example, objected to the requirement under the bill that the "cumulative effects" of a project on the environment be considered. Pointing out that there was no agreement within the scientific community about what cumulative effects comprised, and stressing that the necessary methodology for measuring such effects had not yet been developed, they were concerned that this requirement would be subject to many different interpretations and would not lead to a process that was fair, clear, timely or single. They urged that this requirement be deleted until more experience could be gained in defining this concept, and they invited the federal government to conduct a pilot study of one of its own projects to determine the geographic scope of cumulative effects, before imposing this requirement on the private sector.

Many industry and business groups that appeared before us were in turn concerned that, under the bill, projects could be referred to mediation or panel review, if it was found that such a step was "warranted" on grounds of "public concern". Noting that the bill does not define "public concern", they complained that this measure would add uncertainty to the process, and were therefore concerned about how this provision might be applied in practice and what would be the implications of this measure for them.

There was, in addition, overwhelming concern about the potential for duplication of process under the bill. Given the breadth of projects that could be subject to review, it was felt that a significant number of projects might have to undergo both federal and provincial assessments. Consequently, there would be uncertainty as to how to proceed in such cases and, in all probability, there would be added costs and delays in getting these projects underway.

The breadth of projects potentially subject to review under the bill and the related action that could be taken by the relevant federal authorities in such cases was, without doubt, the most controversial aspect of the bill. This concern was shared not only by all the business and industry groups that appeared before, but by the provincial and territorial governments as well, most notably by the government of Quebec who, through its Minister of the Environment, strongly objected to the bill's broad scope.

Although a number of concerns were raised on this issue by the various witnesses, the most serious, in our opinion, involved allegations that certain of the bill's provisions were unconstitutional. In fact, these allegations were so forcefully argued that your Committee believes they warrant special consideration.

MAJOR CONCERNS

A. The Constitutional Question

As understood by your Committee, the constitutional question would seem to have two components. The first component concerns the scope of the bill's application. The second component comprises the factors that can be considered in conducting the assessment, and the related action that can be taken once this step has been completed. While these two components gave rise to different arguments, common to them both was the objection that, in the end, this bill would empower the federal government to encroach on areas of provincial jurisdiction.

1. Projects Subject to the Federal Review Process

Clause 5 sets out in general terms the projects for which a federal environmental assessment would have to be carried out. These are:

a) Projects for which the federal government is the proponent (clause 5(1)(a));

b) Projects for which the federal government provides financial assistance (clause 5(1)(b));

c) Projects where federal lands are made available (clause 5(1)(c));

d) Projects for which the federal government must issue a permit or grant an approval, as prescribed under the so-called "law list" regulations (clause 5(1)(d)); and

e) Projects for which the Governor in Council must issue a permit or grant an approval, as prescribed under the regulations (clause 5(2)).

In addition, clauses 46 to 53 make provision for the assessment of projects having transboundary effects or that might affect lands in which the federal government had a particular interest, and that were not otherwise subject to review under clause 5.

Of the foregoing, the following two measures have given rise to the strongest objections: the "spending trigger" under clause 5(1)(b), and the "licensing trigger" under clause 5(1)(d). Specifically, there is concern that, on the basis of these measures, the federal government could determine the fate of "primarily provincial" projects, even though its financial involvement in these projects was relatively small, or the permit or approval it had to issue was of a fairly minor and perfunctory nature—for example, permitting a power line needed in relation to a new factory (a "primarily provincial" project) to cross a CN railway line (the "perfunctory" federal licensing power).

Some of the witnesses who appeared before us believed very strongly that the federal government should not be conducting environmental assessments on "primarily provincial" projects and, consequently, urged that the bill be amended to limit the federal review process to "primarily federal" projects.

It should be noted that, in making this recommendation, few of the witnesses actually based their objections on constitutional grounds. Rather, most of them seemed to object for practical reasons. In their view, projects should be subject to only one review process and not two, and the jurisdiction having the strongest connection with the project should accordingly be the one responsible for carrying out the assessment. It was also argued that, if a reasonable assessment process was already in place at the provincial level, this process should, as a rule, apply, except in cases involving "exclusively federal" projects.

In other words, although many of the witnesses were opposed to the "spending" and the "licensing triggers," their objections were not necessarily related to the constitutionality of these measures, but rather were based on practical considerations, the foremost being that projects should be subject to only one process. The duplication of process issue is considered below.

A few witnesses, however, seemed to object on constitutional grounds. Characterizing the "spending" and "licensing triggers" as "Trojan horses" that would empower the federal government to invade areas of provincial jurisdiction, they seemed to suggest that, in constitutional terms, these measures were objectionable.

Based on the judgment handed down on January 23, 1992 by the Supreme Court of Canada in *Friends of the Oldman River Society* v. *Canada*, and the representations that were made to us on this question, your Committee is not satisfied that this is the case.

In the *Oldman River* case, the Supreme Court of Canada considered, among other things, the constitutional validity of the existing *Guidelines Order*. It is interesting to note that, in this case, the *Guidelines Order* had also been characterized as a "constitutional Trojan horse that would enable the federal government, on the pretext of some narrow ground of federal jurisdiction, to conduct a far ranging inquiry into matters that are exclusively within provincial jurisdiction."

The Court rejected this argument, however, and unanimously upheld the constitutional validity of the *Guidelines Order*. In doing so, it laid down a number of principles that would seem to provide a full answer to the concerns raised about the constitutionality of the various assessment "triggers" under the bill.

Essentially, the Court held in the *Oldman River* case that the "environment" was not an independent matter of legislation assigned to either level of government under the *Constitution Act, 1867* . Rather, it described the environment as an "abstruse" matter that did not comfortably fit within the existing division of powers without considerable overlap and uncertainty, and ruled that both levels of government could validly enact measures on the environment that related to their own areas of jurisdiction. Pointing out that describing a project as a "provincial project" or an "undertaking primarily subject to provincial regulation" was not particularly helpful in sorting the respective levels of constitutional authority, the Court stated that what was important, in constitutional terms, was to determine whether either level of government could legislate. While local projects would generally fall within provincial responsibility, federal participation could be required if the project impinged upon an area of federal jurisdiction. The fact that federal measures might incidentally encroach on areas of provincial jurisdiction was not constitutionally objectionable, in the Court's view, provided these measures were not used as a colourable device to invade areas of provincial jurisdiction that were unconnected to the relevant heads of federal power.

When examined in the light of this judgment, the assessment "triggers" that have come under criticism would not seem to be out of order.

a. **The "Licensing Trigger"**

The "licensing trigger" at clause 5(1)(d) would require that an assessment be carried out on projects for which a federal permit or approval was needed, as prescribed under the "law list" regulations passed pursuant to clause 59(f). The "law list" regulations, in short, are the ones that will identify which federal powers, duties and functions will give rise to an assessment under clause 5(1)(d) and, by the terms of clause 59(f), only those provisions as have been prescribed by an "Act of Parliament or any regulation" made thereunder can actually be included in the law list.

As the Centre québécois du droit de l'environnement aptly pointed out, if there is any question as to the constitutionality of the "licensing trigger," the problem will reside not with clause 5(1)(d), since this clause merely calls for assessments to be carried out on projects subject to some form of federal regulatory authority, as set out in the "law list" regulations. Rather, the constitutional question, if any, will arise in relation to the "law list" regulations, to the extent that these regulations prescribe statutory or regulatory provisions which, themselves, go beyond the authority of Parliament or of the Governor in Council to enact.

The "law list" regulations were not placed before your Committee, at least not in their final draft form. We understand these regulations are still in the process of being drawn up. Under the circumstances, it would seem premature to take issue with the "law list" regulations and the related "licensing trigger" on constitutional grounds. Suffice it to say that, based on the *Oldman River* case, federal assessments can be carried out only on those projects that touch upon a federal head of power. In drafting the "law list" regulations, care should accordingly be taken to ensure that this constitutional imperative is respected. Apart from this caveat, however, your Committee is not prepared to fault clauses 5(1)(d) and 59(f) on constitutional grounds.

b. The "Spending Trigger"

Some of the legal experts who testified before the Committee criticized the scope of the "spending trigger" under clause 5(1)(b) and proposed that it be restricted, made less "invasive".

Before considering this issue, a few remarks on the federal spending power would seem to be in order. A distinction must be made here between Bill C-13 and constitutional reform of the federal spending power, dealt with by the government in its document *Shaping Canada's Future Together* (September 24, 1991), the Beaudoin-Dobbie Report (February 28, 1992) and the progress report (June 11, 1992). The federal spending power has existed according to the case law since 1937, and modifying it would require a constitutional amendment in some other forum. The problem cannot be resolved, nor the federal spending power restricted, by an ordinary Act of Parliament.

Bill C-13 has emerged in the middle of the constitutional reform process. It is not this bill that is going to settle the question of the federal spending power; Bill C-13 has to accept the law as it now stands. We cannot change the Constitution with a bill: the bill must respect the Constitution. If in the months ahead we wish to define the spending power more clearly in the Constitution, we must choose another forum and take action in another place.

Your Committee is however of the opinion that Parliament, in exercising its powers in the area of environmental assessments, must scrupulously respect the legislative jurisdiction of the provinces and at all costs must avoid any encroachment on areas of provincial responsibility. Parliament and the government of Canada are constitutionally restricted to their own legislative sphere. Both the Constitution and the case law are very clear on this point. All federal legislation is implicitly bound by the same obligation, since all legislation must respect the Constitution. This is the perspective that the courts will bring to their interpretation of clauses 4 and 5 of Bill C-13, and it is according to these principles that the federal government must apply the bill, once it is proclaimed into force. Any other perception or approach at this sensitive moment in our history would be ill-judged, and could have disastrous consequences.

With this caveat in mind, your Committee is of the opinion that the "spending trigger" under clause 5(1)(b) is constitutionally unobjectionable. Admittedly, the fact that a federal assessment would have to be carried out on "primarily provincial" projects for which the federal government was thinking of providing financial assistance is controversial, particularly in the province of Quebec which has forcefully objected to this clause on the ground that the federal government could use its "spending power" to control development within the province.

While extremely sensitive to this concern, your Committee believes it important to point out that, by prescribing a "spending trigger," Bill C-13 would not be breaking new ground. In fact, a similar provision is prescribed under the *Guidelines Order*, which, as mentioned earlier, has been in effect since 1984, and which, of course, was upheld by the Supreme Court of Canada in the *Oldman River* case. By providing for a "spending trigger", the bill would not, therefore, be introducing a new and revolutionary concept to the field of environmental assessments in this country. Rather, it would merely be sustaining a requirement that has been a part of Canadian law for close to ten years.

Nevertheless, the "spending trigger" is controversial, and the fact that it is not a new measure is not likely to

make it more acceptable to those who oppose it. Obviously, opposition to the "spending trigger" is part of the broader controversy that, as pointed out above, has surrounded the federal "spending power" since it was upheld by the courts in 1937.

By seeking to carry out environmental assessments on projects it was interested in financing, all the federal government would be attempting to do in such cases is to ensure that it was not investing in projects that might be environmentally unacceptable. As the West Coast Environmental Law Association stated in evidence, if the federal government is to be something more than a mere cheque-clearing house, it must ensure that spending decisions on projects, in appropriate cases, are based on carefully analyzed information on the potential environmental consequences of the spending decision.

In the final analysis, your Committee agrees with this position. Precluding the federal government from carrying out an environmental assessment on projects that it intended to fund would not only be illogical, in our view, it would also be ill-advised and contrary to the public interest, for Canadians have a vested interest in ensuring that their federal tax dollars are spent wisely and not blindly.

In all events, as was pointed out to us at the hearings, the most that the federal government could do in cases where a "provincial" project was found to be environmentally unacceptable would be to withdraw its financial support. It could not, however, actually prevent the project from going ahead. If the federal government decided to withdraw its support, alternate financing should not be difficult to obtain in cases where its financial involvement would have been relatively small. Conversely, where its financial involvement would have been significant, it is questionable whether the project could in fact have been regarded as a "provincial" project to begin with.

For these and other reasons, your Committee does not take issue with the "spending trigger". We recognize the extremely controversial nature of both the "licensing" and the "spending" triggers. The problems arising in relation to these triggers, however, would seem to us to be primarily political in nature, having much more to do with the existing division of powers, than with the bill itself. Needless to say, this question is being addressed elsewhere. Bill C-13 would not seem to be an appropriate vehicle for debating this issue.

Based on the evidence before us, we are satisfied that Bill C-13 goes no further than to require that an environmental assessment be carried out on projects that touch upon a federal head of power. As this seems to be in keeping with the parameters for federal legislative action laid down by the Supreme Court of Canada in the *Oldman River* case, your Committee believes that, in this respect, the bill is unobjectionable.

2. Grounds for Decision-Making

The Canadian Electrical Association and the Conseil du patronat du Quebec forcefully argued before your Committee that certain provisions of Bill C-13 were unconstitutional, for they would enable the relevant federal authorities to consider, and base their decisions on, factors that came within exclusive provincial jurisdiction.

Specifically, objections were raised in relation to the following clauses:

(a) Clause 2, because it is defines "environmental effects" too broadly and encompasses elements that are clearly within the exclusive jurisdiction of the provinces;

(b) Clause 4(a), because it stipulates that the environmental effects of (all) projects must be carefully considered, and not just those involving an area of federal responsibility;

(c) Clause 16, because it sets out a number of factors that, in the case of "provincial" projects, only the provinces should have the right to consider. It was felt that consideration of the following factors in particular exceeded the federal government's jurisdiction where "provincial" projects were involved: the "need for, and alternatives to" the project (clause 16(1)(e)); the "purpose" of the project (clause 16(2)(a)); the "alternative means of carrying out the project that are technically and economically feasible and the environmental effects of any such alternative means" (clause 16(2)(b)); the "need for, and the requirements of any follow-up program" with respect to the project (clause 16(2)(c)); and the "capacity of renewable resources that are likely to be significantly affected by the project to meet the needs of the present and those of the future" (clause 16(2)(d)); and

(d) Clauses 20 and 37, because these clauses would empower the relevant federal authorities to make "life and death" decisions on projects, including "primarily provincial" ones, on the basis of factors (such as the above-noted) that might be completely unrelated to the federal heads of power that triggered the assessment in the first place. Objection was taken to clauses 20(1)(b) and 37(1)(b) in particular, as these clauses would virtually mandate that projects, including "primarily provincial" ones, be stopped where, taking into account the implementation of any mitigation measures considered appropriate, such projects were likely to cause "significant adverse environmental effects" that could not be "justified in the circumstances."

By introducing the notion of "justification" into the decision-making process, there was concern that, where it was found that a given "provincial" project was likely to cause "significant adverse environmental effects", the responsible federal authority would be obliged to block the project from going ahead, not so much because of the negative environmental effects *per se*, but because, when

analyzed in terms of such things as the "need for or alternatives to" the project, these negative environmental effects could no longer be justified in the circumstances. In other words, matters that were extraneous to the environmental effects of a project could in fact determine the fate of the project, rather than the environmental effects themselves.

Your Committee has given careful consideration to this argument. In the final analysis, we are also not satisfied that these measures are objectionable.

It should be noted that, in the *Oldman River* case, the Supreme Court of Canada defined the environment in broad terms. Characterizing as "unduly myopic" the view that environmental quality was confined to the biophysical environment alone, the Court cited with approval the following statement that the Canadian Council of Resource and Environment Ministers had made in its 1987 report entitled *Report of the National Task force on Environment and Economy:*

> Our recommendations reflect the principles that we hold in common with the World Commission on Environment and Development (WCED). These include the fundamental belief that environmental and economic planning cannot proceed in separate spheres. Long-term economic growth depends on a healthy environment. It also affects the environment in many ways. Ensuring environmentally sound and sustainable economic development requires the technology and wealth that is generated by continued economic growth. *Economic and environmental planning and management must therefore be integrated.* (emphasis added by the Committee)

Stating that, in its generic sense, the environment encompassed the "physical, economic and social environment", and that it was "comprised of all that is around us and as such must be a part of what actuates many decisions of any moment," the Supreme Court remarked that "it defies reason to assert that Parliament is constitutionally barred from weighing the broad environmental repercussions, including socio-economic concerns, when legislating with respect to decisions of this nature."

Based on these judicial pronouncements, the definition of "environmental effects" under the bill and the factors set out for consideration under clause 16 would not appear to be out of order. Quite the opposite in fact. If environmental assessments are to be meaningful, these are precisely the types of things that should be considered. As the Supreme Court of Canada made clear, the environment does not exist in isolation. Rather, it forms an integral part of all that is around and, as such, should be examined in relation to all other relevant factors, be they social or economic in nature.

A consideration of factors such as "the need for and alternatives to" the project would accordingly appear to be not only justifiable, but necessary in appropriate cases if the assessment is to be credible. It bears noting that a similar requirement is prescribed under the existing *Guidelines Order* which, of course, the Supreme Court of Canada upheld as constitutionally valid in the *Oldman River* case.

The Court, however, also indicated in that case that, in carrying out an assessment, the responsible federal decision-makers could consider only those environmental effects that had an impact on the areas of federal responsibility affected; they could not use the *Guidelines Order* "as a colourable device to invade areas of provincial jurisdiction which are unconnected to the relevant heads of federal power." In other words, there needs to be a link between the environmental effects under consideration and the relevant heads of federal power.

Your Committee recognizes that this requirement is perhaps not articulated as clearly as it could be under the bill and, in this respect, we sympathize with the concerns expressed by the Canadian Electrical Association and the Conseil du patronat du Quebec. In our view, however, it does not follow that the measures in question are unconstitutional.

If only in comparative terms, we note that the provisions of the existing *Guidelines Order* are worded just as "loosely." Once the process has been triggered, the *Guidelines Order*, like the bill, does not expressly limit the environmental effects that can be considered to those effects that are directly linked to the relevant heads of federal power. This aspect of the *Guidelines Order* was not faulted by the Supreme Court of Canada; nor, therefore, should it necessarily be under the bill.

If not stated as explicitly as it could be, the requirement that there be a link between the environmental effects that can be considered and the relevant heads of federal power is at least implicit under the bill. The federal authorities must be taken to know what the law is and, based on the *Oldman River* decision, the law is that this link must be respected.

There is a certain transparency of process under the bill which, we believe, will go some distance in ensuring that federal decisions are based on only federally-relevant considerations. In this regard, provision is made throughout the bill for public access to the various information used in the assessment process, most notably under clause 55 which calls for the establishment of a public registry. The public will therefore have access to most, if perhaps not all, of the information upon which decisions will be based. Thus, if a federal permit allowing a power line to cross a railway were refused—not on grounds related to the railway, but on other extraneous grounds—the record, in such cases, should speak for itself and disclose that the refusal was based on improper considerations.

It should also be pointed out that clauses 20(1)(b) and 37(1)(b) could work in favour of sustaining otherwise environmentally-harmful "provincial" projects, instead of blocking them. Indeed, this clause could be used to save a project whose environmental effects were otherwise "unjustified" precisely because these effects related to a "primarily provincial" project. These clauses, therefore, have a built-in flexibility that could enable otherwise environmentally-harmful projects to go ahead. Were it not for this discretion, the only alternative would be to "kill" the project under the circumstances. Given this possibility, there would seem to be some justification for this type of flexibility and it is somewhat surprising, therefore, that these clauses have come under such strong attack.

To argue that these clauses would be used to block "provincial projects" assumes bad faith on the part of the federal government. In our view, this position would seem not only premature under the circumstances, but somewhat at odds with the federal government's record of past dealings with the other jurisdictions.

At your Committee's specific request, the Canadian Bar Association (the CBA) was asked to provide an opinion as to whether or not they agreed that the impugned provisions were unconstitutional, as contended. In supplementary written submissions, the CBA's National Environmental Law Section responded that, in their view, these provisions were constitutionally unobjectionable. It made the following comments in this regard:

It may be seen that in its decision in the *Oldman* case, the Supreme Court of Canada has conclusively held to be constitutional a regime which permits federal assessment to extend to general socio-economic effects, technology and need for a proposal. Thus on a plain reading of the *Guidelines Order* and the decision of the Supreme Court of Canada in *Oldman*, the objections of the Canadian Electrical Association are ill-founded.

Your Committee recognizes that there is disagreement on this issue. The *Conseil du patronat du Québec* and the Canadian Electrical Association clearly indicated that these measures were unconstitutional. The Quebec Minister of the Environment also took a similar position. The Canadian Bar Association, however, was of a different view. Significantly, this particular constitutional objection was not raised by the Canadian Council of Ministers of the Environment (CCME) which conveyed its outstanding concerns with the bill in a letter dated May 29, 1992 that was forwarded to the Committee Chairman on behalf of the CCME by the Honourable Carol Carson, Minister of Environment and Public Safety for the province Saskatchewan.

While your Committee acknowledges that the need for a link between the environmental effects and the relevant federal heads of power could have been made for explicit, we are not satisfied, on the basis of the evidence before us, that these clauses, as currently worded, are unconstitutional. In the absence of more compelling evidence, any doubts on this issue should, in our view, be resolved in the bill's favour.

B. Duplication of Process

As mentioned earlier, a major concern shared by many witnesses who appeared before your Committee was the potential for duplication of process under the bill, where both federal and provincial assessments might have to be carried out in relation to the same project. Industry and business groups were particularly concerned about this possibility, as were the provincial governments, but there was also concern about how members of the public would react to two sets of environmental assessments and how this might affect their participation in the process.

In recognition that some projects will involve decision-making by both levels of government, and with a view to avoiding jurisdictional uncertainties and duplication of process, the CCME recommended that Bill C-13 be amended to include a mandatory "cooperative scoping mechanism" and an "equivalency clause."

As proposed by the CCME, the "cooperative scoping mechanism" would require the relevant federal and provincial or territorial Environment Ministers, prior to the initiation of the environmental assessment, to consult one another in order to identify their respective areas of jurisdiction and the extent of their participation with respect to a proposed project, and thus determine how best to handle the assessment under the circumstances. The proposed equivalency clause would, in turn, empower the federal Minister of the Environment to transfer all or part of an assessment to a province or territory, provided the latter's environmental assessment legislation was comparable or equivalent to the federal measures.

Many of the business and industry groups who appeared before us also recommended the adoption of an equivalency clause to avoid duplication of process, as did the Quebec Minister of the Environment who argued most forcefully in favour of enacting such a measure.

The federal government has rejected including a mandatory cooperative scoping mechanism and an equivalency clause under the bill for a variety of reasons, not least of which is that it does not want to be placed in the unenviable position of having to pass judgment on whether or not the various provincial and territorial regimes meet the federal standards, and whether these regimes are being satisfactorily applied in practice. Instead, the federal government has opted to proceed by means of negotiated bilateral administrative agreements with the provinces and territories in the case of joint reviews (clause 58(1)(c)). The federal government favours these agreements because they will be tailor-made to suit the needs of both parties, while respecting the minimum requirements for review set out under their respective assessment regimes.

In the aforementioned letter forwarded to the Chairman of the Committee on behalf of the CCME, the Honourable Carol Carson reiterated the CCME's preference for a cooperative scoping mechanism and an equivalency clause under the bill. While commending the federal government for having made a "minor" amendment under clause 58 to "provide greater flexibility through the negotiation of bilateral federal/provincial agreements in the cooperative assessments of projects," she noted that the joint scoping process was not explicit, nor would it amount to equivalency. She indicated, however, that although the provinces and territories were not "entirely satisfied" with Bill C-13 and would still prefer to see their recommendations adopted, they were currently working with the federal government "to establish bilateral agreements that will reflect a consistent environmental assessment relationship across the country."

The CCME, therefore, although not entirely satisfied with the bill, does not oppose it as such, and seems reconciled to the fact that, at this point, energies would be redirected at concluding bilateral administrative agreements.

Your Committee has heard from several witnesses about how well joint reviews have been carried out in the past on the basis of an administrative agreement. In our view, if such agreements were in place, many of the concerns raised in relation to the potential for duplication of process under the bill would be obviated.

Apart from any bilateral agreements that may be reached between the parties, there are a number of other provisions under the bill that would enable the two levels of government to cooperate with each other in carrying out assessments. In this regard, pursuant to an amendment that was passed by the House of Commons at report stage, the federal Minister of the Environment was given the additional authority to establish criteria for alternative ways of conducting assessments on projects having transboundary effects (clause 58(1)(h)). In cases involving more than one jurisdiction, clause 12(4) would enable the relevant authorities to cooperate with one another, and clause 17 would enable certain aspects of a federal assessment to be carried out by another jurisdiction under prescribed circumstances. Provision is also made for the joint review of projects on an *ad hoc* basis (clauses 40 to 42).

The point to be made here is that, contrary to what some might have us believe, there are provisions in the bill that would promote cooperation and thereby decrease the potential for duplication of process.

The Quebec Minister of the Environment did not believe that these measures would be of particular benefit in his province, since the regime currently in effect there was structured quite differently from the one proposed under the bill.

[Senator .]

Your Committee has received conflicting evidence on how similar the respective provincial and federal regimes must be before delegation under clause 17 can occur. Given that these are largely uncharted waters, we believe that the various measures for cooperation under the bill should at least be given a try before they are discounted and we urge the governments to do so. Everyone agrees that duplication of process is in no one's interest. Every effort should accordingly be made to ensure that this problem is effectively circumvented.

Your Committee is heartened by the CCME's willingness to turn the page and work constructively towards the signing of bilateral agreements. The federal Minister of the Environment has indicated that good progress is being made on this front.

We are satisfied that, for the time being at least, the various measures under the bill are sufficient to meet the concerns expressed in relation to duplication of process. We are, however, most anxious that bilateral agreements that would meet the needs of both parties be concluded at the earliest opportunity. Otherwise, unnecessary cost and delay are bound to result, which, again, is hardly in anyone's interest. Your Committee therefore recommends that:

> The federal Minister of the Environment give priority status to the signing of bilateral agreements with the provinces and territories, and that all possible consideration be given to their concerns, particularly as regards projects coming primarily within their jurisdiction.

C. The Regulations

As mentioned earlier, although Bill C-13 sets out the general parameters for federal environmental assessments, most notably under clause 5, the regulations would define more clearly the actual scope of the bill by identifying which projects would in fact be subject to the federal assessment process, and how the latter was to be carried out.

Four sets of regulations in particular would be important in this regard. They are:

a) the physical activities "inclusion list," which would set out which physical activities would be subject to federal review (clause 59(b));

b) the "exclusion list," which would set out which projects would not be subject to federal review, including those projects where the environmental effects were considered to be insignificant , or where federal involvement in the project was deemed to be minimal (clause 59(c));

c) the "comprehensive study" list, which would identify the projects for which a more extensive study was required, as compared with an "initial screening" (clause 59(d)); and

d)the "law list", which, as discussed earlier, would set out which federal statutory or regulatory provisions would trigger a federal review (clause 59(f)).

Because so much would be determined by the regulations, some critics have argued that passing the bill, as currently framed, would be tantamount to signing a blank cheque. Your Committee is sympathetic to this concern and questions whether it might not have been wiser to incorporate such important aspects of the legislation, like the "law list," in an appendix to the bill, rather than making provision for it under the regulations.

This was not done, however, and Bill C-13 constitutes yet another example of legislation, the actual scope of which will be determined not by Parliament, but by executive action. As mentioned earlier, your Committee has serious reservations about this regulatory approach to law making. We wish to reiterate our deep concern about what is this practice which, unfortunately, seems to be a growing trend with the federal government of late.

Despite the serious reservations we have on this issue, we recognize that, given the breadth of projects that could come within areas of federal responsibility, some flexibility would be needed to determine which projects should be made subject to an assessment and what type of assessment should be carried under the circumstances.

The Committee notes that the federal government has set up a Regulatory Advisory Committee to assist in the drafting these and other regulations under the bill. This Committee is comprised of representatives from the provincial and territorial governments, the business sector, industry and environmentalists, among others. By all accounts, these consultations seem to be going well. We hope that this spirit of cooperation will be retained in the months and, indeed, in the years to come, for we believe that this consultative approach to regulation making is most constructive and should be made a permanent feature so as to minimize conflicts that might otherwise occur between the relevant parties.

Given the existence of this Advisory Committee, we are not prepared to take issue with the way the bill has been structured. There are some regulations, however, that are essential to the bill's application and must accordingly be finalized at the earliest opportunity. Your Committee therefore recommends that:

The federal government give the highest priority to the development of the regulations that are essential to the bill's application and that these be drafted in a manner that is sensitive to the concerns of members of the Regulatory Advisory Committee.

ADOPTION WITHOUT AMENDMENTS

Bill C-13 has been one of the most difficult bills your Committee has had to consider in recent times. There is no question that this bill is controversial. No one seems to be entirely satisfied with it, including the members of your Committee who, barring none, believe that the bill could be improved in one form or another. We must confess, however, to being as polarized about the bill as the witnesses who appeared before us. Like them, some of us feel that the bill goes too far, whereas others believe that it does not go far enough.

Despite our differences, your Committee has concluded, albeit not without considerable hesitation, that this bill should be recommended for adoption without amendments. We make this recommendation, not because we are convinced of the bill's merits, for clearly this cannot be the case as too many of us have serious reservations about the bill. Rather, we are recommending adoption of this bill without amendments, for we believe that, even with its numerous flaws, this bill would implement a federal environmental assessment process that is materially superior to the process that is currently in place under the *Guidelines Order*.

Although in effect for less than ten years, the *Guidelines Order* has given rise to a considerable number of court challenges as regards its application. Many of its terms are ambiguous. In fact, such fundamental terms as "environmental effects" and "environmental implications" are not defined. In addition, the environmental assessment process that it sets forth falls considerably short of the process proposed under the bill. For example, the *Guidelines Order* does not make provision for class assessments; it does not call for follow-up programs; it does not give public review panels the power to subpoena witnesses and order the production of documents; nor does it expressly authorize the signing of administrative agreements with other jurisdictions. These positive elements are all featured under the bill, and there are more, including the Government of Canada's express commitment to sustainable development, which is set out both in the preamble to the bill and under the "purposes" clause at clause 4.

The *Guidelines Order* was never intended to apply on a mandatory basis and this is reflected in the inadequate process that it implements. The *Oldman River* decision, however, clearly established that the *Guidelines Order* had the force of law and had to be complied with in all cases to which it applied. This judgment has, therefore, radically changed the rules of the game and there is accordingly some urgency in adopting replacement legislation as soon as possible. The West Coast Environmental law Association pointed out that, if this bill did not proceed, it would throw environmental assessment, already in a considerable amount of uncertainty, into chaos.

Your Committee believes that, under the circumstances, there are compelling reasons to adopt Bill C-13 without amendments. We recognize that the bill has a number of shortcomings, not least of which are the 30 inconsistencies that were found to exist between the French and English versions of the bill. Considering that

almost half of these inconsistencies go back to the original bill that was tabled as Bill C-78 in 1990, your Committee is deeply concerned that so many linguistic discrepancies could have slipped through, despite the extensive scrutiny that this bill has received over the years.

In our view there are simply too many inconsistencies, two of which are very substantial (clauses 33 and 72). We cannot pass this over in silence, or fail to express deep regret. This is a truly unacceptable state of affairs, indeed it is inexcusable in a Parliament that has been bilingual since 1867. To avoid delaying passage of the bill, we can rely on precedent, as the Deputy Minister of Justice pointed out, and have these errors corrected under the Miscellaneous Statute Law Amendment bill, as soon as possible after the bill becomes law.

The federal Minister of the Environment stated that if the bill were returned to the House of Commons with amendments, there would be a "high element of risk" in doing so. Given the uncertainty of the parliamentary calendar in the months ahead, your Committee recognizes that, if amendments were made to the bill at this time, it is not inconceivable that the bill could die on the Order Paper. Given the amount of time it has taken the bill to get this far, this is not a risk that we are prepared to take.

At the Committee's request, the Minister gave his undertaking to proceed as quickly as possible and introduce the requisite amendments under the next Miscellaneous Statute Law Amendment bill, which is due to be tabled next fall. We hold him to this undertaking and therefore recommend that:

> The federal Minister of the Environment act on his undertaking and introduce amendments to correct the inconsistencies between the French and English versions of the bill under the next Miscellaneous Statute Law Amendment bill.

Although we are extremely uneasy about recommending adoption of a bill that has 30 known linguistic errors, we have concluded that it would be in the public interest for us to do so, as time is a significant factor in this case.

As has been made clear throughout this report, Bill C-13 is by no means a perfect piece of legislation. Environmental assessments, however, are a relatively recent phenomenon, and time and experience will be required before the process can be expected to run smoothly. We mentioned earlier that a ministerial review of the bill would have to be carried out five years after proclamation. While it is true that some of us would have preferred a parliamentary review, the fact remains that an official review in five years time, if only a ministerial one, is reassuring to the members of your Committee.

In the meantime, your Committee is satisfied that Bill C-13 is a step in the right direction and should accordingly be implemented at the earliest opportunity. The bill has been in the making for approximately five years. Many amendments were made to it in the House of Commons.

In the final analysis, it must be remembered that this bill is, above all, about environmental assessments, and would implement a regime that is far better than the existing one. Even the Quebec Minister of the Environment conceded that, in objective terms, the regime proposed under the bill was a good one. The Canadian Construction Association even went so far as to state that Bill C-13 should be promoted as a model in all jurisdictions across Canada in order to avoid unfortunate situations of duplication and to attempt ensuring as much consistency as was possible in this very important field.

Given the government of Quebec's strong objections to this bill, there is no denying that a number of us were tempted to see if some form of accommodation could not be found by amending the bill. The solution eluded us, however, for the problems, as was pointed out earlier, have less to do with this bill, than with the underlying divisions of powers on which this bill is based. Needless to say, the debate on this question is being carried out elsewhere. We can only express our hope that any differences that exist in this regard will be resolved amicably.

There would seem to be little question that the bill before us represents a compromise between competing interests. Any amendments at this point could destroy the delicate balance that has painstakingly been built over the years. Under the circumstances, the bill should be supported. The Canadian Environmental Assessment Caucus stated that Bill C-13 should be viewed as a glass half full, rather than a glass half empty. All things being equal, we believe this to be good advice and, accordingly, recommend the adoption of this bill without amendments.

Respectfully submitted,

DANIEL HAYS
Chairman

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

On motion of Senator Kelly, bill placed on the Orders of the Day for third reading at the next sitting of the Senate.

CRIMINAL CODE

BILL TO AMEND—REPORT OF COMMITTEE

Hon. Nathan Nurgitz, Chairman of the Standing Senate Committee on Legal and Constitutional Affairs, presented the following report:

MONDAY, June 22, 1992

The Standing Senate Committee on Legal and Constitutional Affairs has the honour to present its

TWENTY-FIRST REPORT

Your Committee, to which was referred the Bill C-49, An Act to amend the Criminal Code (sexual assault), has, in obedience to the Order of Reference of Thursday, June 18, 1992, examined the said Bill and now reports the same without amendment, but with the following observation:

The Committee recognizes that vulnerability to sexual assault and diminished access to justice may be related to social inequalities such as those experienced by specific groups identified by race, national or ethnic origin, colour, religion, age, sexual orientation, mental or physical disability, or occupation.

Respectfully submitted,

NATHAN NURGITZ
Chairman

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

On motion of Senator Nurgitz, bill placed on the Orders of the Day for third reading at the next sitting of the Senate.

CRIMINAL CODE

BILL TO AMEND—REPORT OF COMMITTEE

Hon. Nathan Nurgitz, Chairman of the Standing Committee on Legal and Constitution Affairs, presented the following report:

MONDAY, June 22, 1992

The Standing Senate Committee on Legal and Constitutional Affairs has the honour to present its

TWENTY-SECOND REPORT

Your Committee, to which was referred the Bill C-70, An Act to amend the Criminal Code (jury), has, in obedience to the Order of Reference of Thursday, June 18, 1992, examined the said Bill and now reports the same without amendment.

Respectfully submitted,

NATHAN NURGITZ
Chairman

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

On motion of Senator Nurgitz, bill placed on the Orders of the Day for third reading at the next sitting of the Senate.

[*Translation*]

INTER-PARLIAMENTARY UNION

EIGHTY-SEVENTH CONFERENCE, YAOUNDÉ, CAMEROON

Leave having been given to revert to Inquiries:

Hon. Gérald J. Comeau rose pursuant to notice of Thursday, June 11, 1992:

That he will call the attention of the Senate to the Eighty-Seventh Inter-Parliamentary Conference, held at Yaoundé, Cameroon, April 6-11, 1992.

Honourable senators, last week, I had the pleasure of tabling the report of the 87th Inter-Parliamentary Conference held in Yaoundé, Cameroon, from April 6 to April 11, 1992.

This was a very important conference for the Cameroon Group of the Inter-Parliamentary Union because free elections had just been held in their country for the very first time on March 1st. We are delighted that the people of Cameroon were able to choose freely its representatives among candidates from several political parties.

Canada has a privileged relationship with Cameroon, because they share membership in both the Francophonie and the Commonwealth. Both are bilingual countries. Indeed, two thirds of the population in Cameroon is French-speaking, while one third is English-speaking. Canada and Cameroon also share a common interest in multiculturalism.

There are more tribal groups in Cameroon than in any other African country. Our two nations know from experience the challenge of working with two linguistic groups and advocate respect and understanding.

The Canadian embassy in Cameroon is celebrating its 30th anniversary in 1992. Our delegation was therefore delighted to pay an official visit to the capital of the country, Yaoundé.

As a matter of fact, I wish to commend our chargé d'affaires, Laval Gobeil, as well as his staff, for their outstanding work and the assistance their provided us throughout our stay.

In addition to the usual briefing and assistance, the embassy organized for us a dinner party with officials from Canadian agencies and organisations operating in Cameroon, a visit to the Holy Apostles Seminary and a tour of three local development projects. Our officials were remarkably attentive toward us.

As far as the Conference itself is concerned, some 400 parliamentarians from 91 countries attended. Three substantive issues were on the agenda, including the recent UN Conference on Environment and Development held in Brazil.

Concern was expressed about the lack of progress of the Preparatory Committee on the issues of the Earth Charter, financing the actions set out in the plan of action for the 21st century and the Climate Change Convention.

The organization and operation of democracy as well as the expression of ethnic diversity were the second item on the agenda of the Conference. Not only did the Canadian Group take an active part in the plenary session but, along with groups from eleven nations, tabled a draft resolution for the consideration of the Conference.

Delegates chose to talk also, as a supplementary topic, of the pandemic nature of AIDS, the acquired immuno-deficiency syndrome. Canada was elected, along with nine other countries, to a committee mandated to draft a resolution on that subject.

Before I conclude, I would like to draw your attention on the report on the Union committee on fundamental rights of parliamentarians. Honourable senators know that our colleague, Senator Neiman, is a member of that committee, created in 1977, which met for the first time in 1978.

Seat of world inter-parliamentary dialogue since 1889, the Inter-parliamentary Union is working for peace and co-operation between peoples and for the creation of representative institutions. Cameroon welcomed the representatives of the international parliamentary community at a turning point in its history.

We had the privilege to be among the first to meet members of the newly elected multi-party parliament of Cameroon. Our presence in that country underlined the support of the Union for the strengthening of representative institutions in Africa.

Those among us who participated to the Yaounde Conference left with a strong feeling about the importance of democratic institutions and the need to support countries fighting for democracy.

Honourable senators I urge you to read this report.

The Hon. the Speaker: Honourable senators, if no other senator wishes to speak, this inquiry is considered debated.

Inquiry debated.

● (2010)

[*English*]

BUSINESS OF THE SENATE

ADJOURNMENT

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, we have a few minutes before the bells are schedules to ring. That being the case, and since we have a full plate ahead of us because we intend to adjourn tomorrow evening for the summer recess, unless there is a major conflict with committees—no doubt there will be some —I move that we adjourn until 10 o'clock tomorrow morning. That would allow us to get an earlier than usual start on our heavy agenda. I know the Deputy Leader of the Opposition will be agreeable to my suggestion. We would then have the whole afternoon to complete our business, and perhaps we could consider Royal Assent towards the end of the day and wish a happy summer to each other at a reasonable hour. I look forward to hearing the reaction from members on both sides.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, we, on this side, discussed this matter during our supper caucus. It was on that basis that I approached the Deputy Leader of the Government.

If I understand correctly, the committees meeting tomorrow have no legislation before them. They are holding meetings related to other matters. Therefore, there would be no problem with respect to the flow of legislation through the Senate.

Since we can never know how the last day's events will unfold, agreeing to my honourable friend's motion would allow us some leeway so that we could, reasonably, look forward to Royal Assent in the late afternoon. Otherwise, we might find ourselves working well into the evening.

I know certain senators want to be back in their constituencies for Wednesday.

[*Translation*]

—Saint-Jean-Baptiste Day being a very important holiday for a number of our senators, I believe that it would facilitate their return home if we were to finish earlier tomorrow.

[*English*]

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

Motion agreed to.

The Hon. the Speaker: Honourable senators, is it agreed that we adjourn now until 8:30, at which time the bells will ring for the vote at 9 o'clock?

Hon. Senators: Agreed.

The Senate adjourned to the call of the Chair.

At 8:30 p.m. the sitting of the Senate was resumed.

The Hon. the Speaker: Let the doors to the chamber be locked.

REFERENDUM BILL

THIRD READING—MOTIONS IN AMENDMENT NEGATIVED

On the Order:

> Resuming the debate on the motion of the Honourable Senator Murray, P.C., seconded by the Honourable Senator Lynch-Staunton, for the third reading of Bill C-81, An Act to provide for referendums on the Constitution of Canada.
>
> And on the motion in amendment of the Honourable Senator Fairbairn, seconded by the Honourable Senator Molgat, that Bill C-81, be not now read a third time but that it be amended on page 13 by adding immediately after line 4 the following:
>
> 12.1 "The Senate or the House of Commons shall not adopt any resolution during the life of the 34th Parliament authorizing the Governor in Council to issue a proclamation in order to amend the Constitution of

Canada where the amendment would directly or indirectly be contrary to the opinion expressed, in a referendum, by a majority of voters

(*a*) in Canada;

(*b*) in the aggregate, in the Provinces of New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland;

(*c*) in the Province of Ontario;

(*d*) in the Province of Quebec; or

(*e*) in the aggregate, the Provinces of British Columbia, Alberta, Saskatchewan and Manitoba and in the Northwest Territories and the Yukon Territory." —

The Hon. the Speaker: Honourable senators, it was moved by the Honourable Senator Murray, P.C., seconded by the Honourable Senator Lynch-Staunton, that Bill C-81 be read a third time.

In amendment, it was moved by the Honourable Senator Fairbairn, seconded by the Honourable Senator Molgat, that Bill C-81 be not now read a third time but that it be amended on page 13 by adding immediately after line 4 the following:

Hon. John Lynch-Staunton (Deputy Leader of the Government): Dispense.

The Hon. the Speaker: Do you wish to vote on each amendment, honourable senators?

Senator Lynch-Staunton: May I suggest we dispense with the reading of all amendments? I believe it is agreed that we can dispense with the reading of the amendments and vote on them as a block.

Hon. Royce Frith (Leader of the Opposition): Honourable senators, that is fine so long as everyone understands this suggestion, in case any particular senator wants to be able to vote on them separately. We should make that clear.

The Hon. the Speaker: Does any senator object to having this vote taken en bloc?

If not, in amendment it is moved by the Honourable Senator Stanbury, seconded by the Honourable Senator Neiman—

Shall I dispense with all 11 amendments?

Hon. Richard J. Stanbury: Dispense.

The Hon. the Speaker: All those in favour of the motions in amendment will please rise.

Motions in amendment of Senator Fairbairn and Senator Stanbury negatived on the following division:

YEAS

THE HONOURABLE SENATORS

Bosa
Corbin
De Bané
Frith
Gigantès
Graham
Hastings
Hays
Hébert
Kenny
Kirby
Leblanc (*Saurel*)
LeBlanc (*Beauséjour*)
Lewis
MacEachen
Marsden
Molgat
Neiman
Perrault
Petten
Pitfield
Riel
Robichaud
Stanbury
Stewart
Stollery
Thériault—27.

NAYS

THE HONOURABLE SENATORS

Barootes
Beaudoin
Beaulieu
Berntson
Bolduc
Buchanan
Castonguay
Chaput-Rolland
Cochrane
Comeau
DeWare
Di Nino
Doody
Doyle
Forrestall
Grimard
Johnson
Kelleher
Kelly
Keon
Kinsella
Lavoie-Roux
Lynch-Staunton
Macdonald (*Cape Breton*)
Marshall
Murray
Nurgitz
Oliver
Ottenheimer
Phillips
Poitras
Robertson
Ross
Rossiter
Simard
Spivak
Sylvain
Teed—38.

ABSTENTIONS

THE HONOURABLE SENATORS

Nil

Hon. Royce Frith (Leader of the Opposition): Honourable senators, I explained in my intervention why, if our amendments were lost, we would be supporting this bill, so I think it is unnecessary to have another vote; and the question may now be put on the main motion.

THIRD READING

The Hon. the Speaker: It is moved by the Honourable Senator Murray, seconded by the Honourable Senator

Lynch-Staunton, that this bill be now read the third time. Is it your pleasure, honourable senators, to adopt the motion?

Motion agreed to and bill read third time and passed.

The Senate adjourned until tomorrow at 10:00 a.m.

APPENDIX

(*See page 1827*)

ADDRESS

of
MR. BORIS YELTSIN
PRESIDENT OF RUSSIA

to

BOTH HOUSES OF PARLIAMENT IN THE HOUSE OF COMMONS CHAMBER, OTTAWA

on
Friday, June 19, 1992

APPENDIX

ADDRESS

of

HIS EXCELLENCY BORIS YELTSIN

PRESIDENT OF THE FEDERATION OF RUSSIA

to

Both Houses of Parliament

in the

HOUSE OF COMMONS CHAMBER, OTTAWA

on

Friday, June 19, 1992

His Excellency Boris Yeltsin was welcomed by the Right Honourable Brian Mulroney, Prime Minister of Canada, and thanked by the Honourable Guy Charbonneau, Speaker of the Senate and the Honourable John A. Fraser, Speaker of the House of Commons.

[*English*]

Hon. John A. Fraser (Speaker of the House of Commons): Order, please. The Right Honourable the Prime Minister.

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, *chers collègues, mesdames et messieurs*. We are here today to celebrate the state visit to Canada by the President of the Russian Federation, His Excellency Boris Yeltsin. We are here, as well, to launch a new era of peace and partnership between peoples too long divided.

Fifty years ago this month diplomatic relations were opened between Ottawa and Moscow. Diplomat relations between us were born, as it turns out, of absolute necessity during the darkest days of the Second World War. Europe then lay in subjugation and Russia lay under the darkest siege.

I have stood before the War Memorial in St. Petersburg in the brutal cold of winter and I have listened to the winds whisper silently of great tragedy and enormous human loss in Russia. I have visited cemeteries from Dieppe to Sai Wan Bay and I have heard courageous veterans mourn fallen comrades sacrificed in the defence of liberty and democracy against the very same enemy.

[*Translation*]

The establishment of diplomatic relations at that time was both an act of defiance towards those who wanted to destroy us and an act of hope for better days. We indeed finally defeated our common enemy, but our relations drifted into the great desolation of the cold war. We found ourselves facing each other in a new struggle, a war waged not on the plains of central Europe or in the jungles of Asia but in the hearts and minds of men and women throughout the world.

This war as well is now over; the victory was won not by one army over another but by fundamental values and powerful ideas to which all can adhere.

[*English*]

Obviously, Mr. Speaker and fellow Canadians, the largest measure of the credit for this unique opportunity that now opens down the vistas of years must be given to President Yeltsin.

Courage is an abstraction to those at a relatively safe distance. But at it turns out, President Yeltsin was given no such latitude.

In the crucial days of last August on the top of a tank, at immediate risk to his own life, he dispatched the tyranny that had held Russia in the grip of fear and arbitrary power for 70 years.

The image of Boris Yeltsin last summer and his defiant message to the enemies of democracy everywhere, particularly in his own country, will remain as an historic symbol of courage and purpose so long as men and women gather in free Parliaments to defend the cause of liberty. And I tell you, Mr. President, all Canadians salute you for the extraordinary courage that you have demonstrated.

Some hon. members: Hear, hear.

Mr. Mulroney: President Yeltsin's success was the success fundamentally of the human spirit. His beneficiaries are us all.

Mr. President, you have offered us friendship and you have challenged us to join with you in bringing your country into the community of free nations. I know that I speak for every member of this House and that, sir, is a most rare occurrence.

Some hon. members: Hear, hear.

Mr. Mulroney: As I told you, sir, on both sides of the House, all of them are active supporters of mine.

I speak for every member of this House irrespective of political party because every Canadian believes fundamentally in liberty and democracy. I speak for all Canadians, Canadians across this land, when I say that all Canadians reciprocate your friendship and today we accept your challenge.

[*Translation*]

The ancient Greeks taught us that democracy is government by the free. The people of Russia are not yet fully free of the dead hand of debilitating ideology and the victory of values is not yet complete.

Mr. President, we understand that the way ahead is fraught with serious difficulties, even perils, and that there will be setbacks and course corrections along the way. Here in this House of Canadian democracy, I give you the firm assurance of our understanding and support. So long as your compass is set for democracy, Canadians will be at your side, Canadians of all regions, of all political parties, of all parts of society.

Some hon. members: Hear, hear.

[*English*]

Mr. Mulroney: Mr. President, on behalf of all members of Parliament and on behalf of all Canadians, it is with respect and admiration that I invite you today to address the Parliament and the people of Canada.

Some hon. members: Hear, hear.

• (1120)

[*Editor's Note: Mr. Yeltsin spoke in Russian.*]

[*Translation*]

His Excellency Boris Yeltsin (President of the Russian Federation): Respected Speaker of the House of Commons, respected Speaker of the Senate, respected members of the House of Commons, respected senators, ladies and gentlemen, respected citizens of a free Canada.

First of all, Prime Minister Mulroney, I thank you for your kind words addressed to a free, democratic Russia and to its President.

Thank you for the warm reception. Like you, Mr. Mulroney, I do not always enjoy such a favourable reception in my own Parliament.

Some hon. members: Hear, hear.

Mr. Yeltsin: It is a great honour for me, the President of Russia, the first to be elected to the highest position of a great state, to address you from the rostrum of the highest legislative body in Canada.

The moment has arrived when two peoples who have much in common can take a decisive step toward one another. Official relations between our countries, as you said, Mr. Prime Minister, were re-established 50 years ago. But today, unfortunately, one can see how little has been achieved, how many opportunities have been missed. Now we have a rare opportunity to make up for lost time.

When people speak about Russia and Canada, they generally comment on how similar our countries are. Canada is probably the only place where a Russian could forget that he is in a different country. The amazing similarity of the nature, climate and even the wide-open spaces of our countries has left an imprint on the character of Canadians and Russians.

I continually ask myself: Given such similar circumstances, why have our countries developed so differently? Why do our peoples live so differently?

Canada is a recognized world leader in terms of quality of life. Life today in Russia is extremely disrupted, with conditions as tense as a taut string. It is easy to see the enormous damage wreaked on Russia by the 70-year dominance of the Communist totalitarian system. Here in Canada there are no echoes of the arguments with which party ideologues formerly explained the terribly low quality of life which Russians experience. Neither its northern position, nor its harsh climate, nor the alleged nationalistic narrow-mindedness of the Russian people, nor malicious neighbours are to blame for Russia's failure to develop. The main cause lies in the anti-popular stance of the former regime, in the ideology that was forced on the country. For years, the foundations that support life were systematically destroyed. But the citizens of today's Russia do not simply mourn over lost opportunities. Your country is an especially visible and attractive example of the goals which we are now pursuing.

Last August, when we faced the coup-plotters, a very dark cloud loomed not only over Russia, but over the whole world. But the collapse of the totalitarian system was total. The collapse of communistic ideology was total. Once and forever.

As the first president in the thousand-year history of Russia to be elected by all the people, I triumphantly announce this to you. Once and forever.

Some hon. members: Hear, hear.

Mr. Yeltsin: The first thing we want to do now is re-establish a normal country, with a normal economy and a normal life. Not a super life, but a normal human way of life. Our tragic past has convinced us that one of the highest treasures that any human community can have is a normal way of life.

Russia knows revolution only too well. That is why I say today on behalf of all Russians that Communist revolution is an evil. We have opted for normal *evolution*. Russia knows arbitrariness and lawlessness all too well. That is why we have chosen a state based on the rule of law. We are more familiar than other peoples with the nightmare of totalitarianism. That is why we have chosen democracy and why we defended it in those days of last August.

Some hon. members: Hear, hear.

Mr. Yeltsin: We know better than others what it is like to be everyone's enemy. That is why we have chosen openness and co-operation with the world community. Russia has opted for freedom, and no force can take it away from us.

Some hon. members: Hear, hear.

Mr. Yeltsin: "We don't need any more great upheavals. We need a great Russia." These words, spoken a century ago by Russian patriot and reformer Stolypin, have not lost their relevance. On the contrary, they are full of deep, immediate meaning for us. We want our people to raise children and work peacefully. We want them to be governed not by base social instincts or ideological delusions, but by just motives and thoughts. Today, we turn to your rich experience so that we can once and forever say no to all ideological delusions that demand human sacrifices and reject morality.

Borrowing the words of poetess Anna Akhmatova, I pledge to you as President that I will do everything to ensure that Russia never again lapses into the insanity of upheaval.

Some hon. members: Hear, hear.

Mr. Yeltsin: Broad new horizons have opened for Russian-Canadian co-operation. Half a century ago, our countries were allies in the anti-Hitler coalition. Today, when I visited the memorial to those who died in the First and Second World Wars and in other conflicts, I thought of the fact that Russia and Canada have never fought against one another. This is a great achievement. There is a firm conviction today that we are closer to world peace than ever before. Today, when I passed the peace monument being built, it struck me that you have chosen the most appropriate moment possible to build it, when this confidence in peace is at its peak.

Some hon. members: Hear, hear.

Mr. Yeltsin: Half a century ago, our countries were allies in the anti-Hitler coalition. Today, we have every reason to speak of a new alliance between us. I am convinced that the need for this alliance has long been felt by those prepared to become direct participants in diverse Russian-Canadian contacts.

• (1130)

Both sides have no shortage of plans for co-operation. It is time we gave them the green light. From this point onward, there are no limits to co-operation between Russia and Canada in world affairs. We can pool our efforts in many different areas in order to strengthen international security, to withstand potential aggressors through collective action, to ensure that all the nations of the world observe the rules of civilized behaviour, including in their behaviour toward their own citizens and national minorities, and to solve global problems.

We applaud your policies of constructive internationalism. We ourselves have already begun to co-operate in working toward the goals identified by the international community. Your country's longstanding commitment to the United Nations organization and to institutions of multilateral diplomacy in general is well known. As is the role played by such outstanding Canadians as Mr. Pearson in working out ways to use the United Nations apparatus in peacekeeping.

This area of United Nations activity and preventive diplomacy aimed at averting conflict could become an ideal domain for applying our joint efforts. The importance of such international mechanisms is regrettably increasing, even in Europe. We have no intention of declaring Russia or any of the states that made up the former union off limits to necessary measures taken by the international community, whether through the United Nations organization or the CSCE. We want peace and calm in our house, in each family. We therefore have a stake in ensuring peace and calm outside it.

The opportunities for co-operation between Russia and Canada in world affairs are greater now than ever before. We must not let them slip by at this of all times.

Ladies and gentlemen, throughout history merchants have preceded diplomats. Such was the case in Russia before 1917. The first treaties were trade treaties. And economic co-operation occupies centre stage in Russian-Canadian relations. Our people have goods to trade, and there are areas for co-operation. Russia is rich. All that is needed is an unbiased approach unhindered by preconceptions. Given such an approach, Russian-Canadian co-operation offers substantial benefits to both parties.

For three hours yesterday and an hour today, Prime Minister Mulroney and I took part in discussions. The Government of Canada proposed a very interesting idea for developing our relations, an idea that could serve as an example for other countries as well. We particularly appreciate this, knowing that Canada too is experiencing difficulties as present. I feel that the high degree of mutual trust which characterizes our personal relations with the Prime Minister allows us to feel confident that this co-operation, these new ideas will be realized.

Russia has set a firm course toward economic reform. We realize that every last market mechanism was eradicated over a period of more than 70 years. After three generations, we have lost the historical instincts we once had for business and private ownership. No one remembers what they mean. We introduced private ownership only half a year ago, including private ownership of land and ownership by foreign private investors.

Practically no one is left who remembers life before the revolution. We realize that the economy is being overhauled during a serious economic crisis, and consequently at a time when the civil peace is highly vulnerable. But it cannot be denied that substantial progress has been achieved in half a year. There have been real changes both in the economy itself and, more important, in people's consciousness.

The people are gradually rediscovering the creativity that was crushed by Communist ideas and ideologies.

Of course, we are currently going through the most painful period, especially this year. This is bitter medicine. Unpopular measures, including price increases, must be adopted in order to shift from a planned economy to a market economy. However difficult this may be, we will not retreat.

Russians are a patient, stubborn people. With gritted teeth, they will overcome these temporary difficulties. They trust their President. They trust their government. They trust their Parliament. And that is very important.

Some hon. members: Hear, hear.

Mr. Yeltsin: Every month, I find myself in various districts, regions and republics of Russia. There are 20 republics in Russia. And we have succeeded in signing a federative treaty. Blood is being spilled on Russia's doorstep, but inside Russia we have signed a treaty and preserved the civil peace without spilling a single drop of blood. Russia has remained united and indivisible throughout this period. That is very important to us.

Some hon. members: Hear, hear.

Mr. Yeltsin: Russia's young government of reformers the President of the Russian Federation will support to the end. And it is practically impossible now to force him into retirement. I will not resign until my term expires in 1996. You will never catch me sick. I am extremely healthy. I will therefore support this government of reformers to the end.

Some hon. members: Hear, hear.

Mr. Yeltsin: We took our first steps toward a market economy on January 1 of this year. The main one was the freeing of prices, and the government is prepared to take the reforms further. You know that before leaving on this official visit, I asked Parliament to confirm Mr. Gaidar, who is currently acting in my place, as Prime Minister of the Head of State of the Russian Federation. And he is only 36 years old. He is a bold, young reformer.

Some hon. members: Hear, hear.

Mr. Yeltsin: One of the main principles for choosing people to serve in the government, as ministers or vice-president, besides considering their professional or business skills, is to select democrats and ensure that none of them is older than the President.

Some hon. members: Hear, hear.

Mr. Yeltsin: We call for full co-operation with other countries. I am confident that a revival of the Russian economy will be beneficial not only to us, but to our partners as well. If you invite our specialists, talented young people, to come and study, after studying in Canada for a year, they will return to Russia to advocate Canadian experience, the Canadian market and the Canadian economy. And this co-operation with develop still further.

• (1140)

I believe that one of these people, who will number approximately 150 over five years, as the Prime Minister and I agreed today, may very well develop into a new and talented President of Russia to follow me.

Some hon. members: Hear, hear.

Mr. Yeltsin: Of course, I am sure that new president will be more talented and more intelligent. That is understandable. Such is history. Today, Russia attaches special importance to western investment and co-operation in the technical field. Today, we agreed on technical co-operation aimed at ensuring the safety of nuclear power plants. We have a program drawn up. The fact that it will be implemented through joint efforts is a complete guarantee that all nuclear power plants will be absolutely free of danger and under the control of the IAEA.

We are not asking for any special injections of money or materials. I want to be quite forthright about that. If Canada did find an opportunity of this kind then, of course, it would help us overcome our problems in this very painful period.

It is true that Russia does not yet offer all of the conditions necessary for accepting private capital from abroad. But before this visit, a series of laws were adopted and decrees promulgated that clear the way for private capital, mainly by making it possible to own property and land, thus facilitating the construction or privatization of factories, buildings, and so on. It is our firm intention to promote this process energetically and to complete it the very near future.

To achieve this, there is no need to invent anything new. Our course, our norms and standards, are those accepted throughout the world. I realize that many Canadian firms are not waiting for an ideal investment climate to develop in Russia. That is how one must act: without being afraid of taking a risk. I do not doubt that this risk is worth taking. Any western investor who fails to enter this unique Russian market this year or next should keep in mind that 1994 will be too late: there will be no room left in the market.

Some hon. members: Hear, hear.

Mr. Yeltsin: There is no other way open to us, no alternative to normal economic development. When Russia is rich and flourishing, as I am certain that it will be, we will surely not forget those who were the first to take a risk, a warranted risk.

We have an area for bilateral co-operation that has always attracted much attention: the Arctic. We are much concerned about the situation in the far north of Russia and Canada. The spectrum of problems ranges from the status of aboriginal peoples to environment protection.

Of course, our problems differ in scale. The entire population of the Canadian Arctic is around 100,000. You have no major industrial centres above the Arctic Circle. But I think that I am not mistaken in saying that only together can we solve all of the problems involving the Arctic. Only by working together. Of this I am convinced.

The prosperity of the countries in this region, and above all of Canada and Russia, depend in large measure on conditions in the Arctic. Experience has shown that co-operation between us in this area cannot develop exclusively through dialogue between our capitals. We must therefore emphasize immediate links between the direct participants in co-operation, and above all between the people who actually live in these Arctic regions. They are more interested than anyone in seeing prosperity and the well-being that follows come to their extremely forbidding land.

• (1150)

There is another area of mutual interest in the Russian-Canadian dialogue that might be opened up for further avenues of bilateral co-operation. I wanted to begin my address by congratulating the people of Canada on the 125th birthday of the Canadian federation. From my heart and on behalf of the entire Russian people, I sincerely congratulate everyone in Canada on this anniversary.

Some hon. members: Hear, hear.

Mr. Yeltsin: Our states are federative in nature. This creates unique opportunities for making the ties between our states better reflect the needs and aspirations of our people. Russia is very interested in studying Canada's experience in managing relations within a federation. We will learn from you how to solve problems in a civilized way through negotiations.

And now a few words about the problems facing the Commonwealth of Independent States of the former union, which are causing many people around the world to worry. This unique intergovernmental organization is currently in the building stage. But it has already proved itself to be a working mechanism for finding the most acceptable form of mutual relations between the republics. At the same time, a process is under way in the Commonwealth whereby republics are both falling apart and coming together. However difficult it may be for us to ensure that this highly complex process remains governable, the seventh and most recent meeting of the heads of government of these countries can be considered the most productive meeting in terms of results.

Respected parliamentarians of Canada, you have considerable opportunities for positively influencing the development of Russian–Canadian co–operation. As I have said before, the advantages to be derived from co–operating with Russia may not all be immediately apparent. They must be explained, but this will not be difficult in the new atmosphere characterizing our relations. I urge you to make active use of your opportunities in Parliament and in the ridings when speaking with the Canadians who elected you to actively promote the dialogue between Russia and Canada, between our peoples.

There is every reason to speak of fundamental national interests shared by Russia and Canada and of human aspirations shared by the ordinary people in our countries. This is what has enabled us, after decades of isolation, to base Russian–Canadian relations on a solid legal foundation: the Treaty on Concord and Co–operation which will be signed today. The community of interests of which I speak cannot be built on thin air. As you know, much is being done in both countries to ensure that it becomes a constant theme of the domestic and foreign policies of our countries.

Speaking from this lofty rostrum, I would especially like to mention Canada's active contribution to the development of the dialogue between us. We are grateful for the solidarity which the people and political leaders of your country showed for a democratic Russia in August. I remember the telephone conversation I had at that time with Prime Minister Mulroney. It had enormous significance, and Russians will never forget it. Russians know about it. Russians remember it, and will continue to remember it for the rest of their history.

Some hon. members: Hear, hear.

Mr. Yeltsin: Your solidarity has continued in the form of Canadian economic and humanitarian assistance to Russia. We value highly the heroism of individual citizens and organizations, including the Salvation Army's renewed activity in our country.

Today it is no less important or urgent that we learn the language of mutually advantageous co–operation and partnership in business.

We have a clear vision of what we are striving toward in our country, in the world and in our relations with Canada. And many would do well to study the development of our relations.

Our intentions are not secret. We are prepared for hard work, which is the very essence of any partnership. We have a long and difficult road ahead of us. I am convinced that our peoples must travel together if they are to attain the best results.

I want to wish Russians and Canadians a happy journey and success in developing peaceful areas of mutual co–operation. Thank you.

Some hon. members: Hear, hear.

Hon. Guy Charbonneau (Speaker of the Senate): Mr. President, Mrs. Yeltsin, Mr. Speaker, Mr. Prime Minister, *honorables collègues du Sénat et de la Chambre des communes*, distinguished guests:

[*Editor's Note: Mr. Charbonneau spoke in Russian.*]

We are honoured by your visit and very grateful that you have shared with us as parliamentary colleagues your international preoccupations and your determination to carry through the program of reform and restructuring upon which your country has launched itself.

Your presence in these precincts testifies to your faith in the solid basis of the friendly relations between our two countries and to our confidence in your courageous leadership.

We are all the more touched by your presence here today in that we know very well that you are required to be ubiquitous in order to respond to the exigencies of your post on the national and international levels.

As president of the young Russian federation, your leadership has been and remains preponderant to your people, as it does for the collectivity of nations.

Your remarks to us today confirm your indefectible will to succeed in attaining your goals.

[*Translation*]

Mr. President, we are all aware of the balancing act you have to perform, caught as you are between attraction for the West and respect for the Russian soul.

Your great writers of the last century made us keenly aware of these differences between the two societies, both so rich in virtues and so laden with an uncounted heritage.

We remember Dostoyevsky, in particular, who in search of a fair balance between the pro-Western and pro-Slavic forces agreed to modernization for Russia if it respected the nation's traditions.

Like you, he worked for understanding of different cultures. In his tribute to Pushkin, he wrote, "Our vocation is European and universal. Is not being Russian, perfectly Russian, the same perhaps as being a brother to all men?"

[*English*]

In a historical continuity, Tolstoy and Chekov both called for the rejection of a completed past but on the condition that the characteristics of their ancestral customs be preserved. Then, as in our own century, it was the political system in place that was seen as bearing the blame for stagnation and frustrated hopes.

You, Mr. President, have had the courage to confront and repudiate the doctrinaires who were so mistaken about the nature of man.

Without renouncing for the people of your federation their rooted national traditions, you are bringing them into a universal current of liberty.

All the world remembers how you stood up (in every sense of the word) in front of the White House in Moscow, not quite a year ago, to defend liberty and democracy when they were threatened. We are convinced that the same democratic and courageous spirit will carry you forward in the future.

To borrow the language of a sport at which you excel, tennis, we want to wish you, in all your battles with adversity, a final score of game, set, and match.

Some hon. members: Hear, hear.

[*Translation*]

Mr. Speaker Charbonneau: Once more, Mr. President, we congratulate you on the eminent and challenging role to which you dedicate yourself in these critical years and we are grateful to you for sharing with us your main concerns and your intention to continue your work in space and time. We thank you and wish you good luck.

Some hon. members: Hear, hear.

[*English*]

Mr. Speaker Fraser: Mr. President, Madam Yeltsina, Mr. Prime Minister, Mr. Speaker of the Senate, members of the Senate and the House of Commons, honoured and distinguished guests:

On behalf of all members of the House of Commons I take great pleasure in welcoming you today to this august Chamber.

[*Translation*]

The momentous changes which have reshaped the global political landscape over the last several years have left us facing new and daunting challenges. Perhaps no country is more acutely aware of this than the Russian Federation.

[*English*]

We are seeing today in Russia and the other new republics of the former Soviet Union one of the most remarkable transformations in history.

Communism is now a fading memory, and in its place have been planted the seeds of democracy. Among the new republics, Russia is taking the lead in sowing these seeds.

You have shown tremendous courage, Mr. President, in introducing bold economic reforms.

Russia possesses enormous economic potential, blessed as it is with immense natural and human resources; however, only a continued commitment to economic reform will ensure that these resources are effectively tapped.

We are a sensitive people, Mr. President, and we are aware that the transition to a market economy brings with it unavoidable hardship; the Russian people have displayed patience and courage in the face of economic adversity, and in so doing they have earned the respect and admiration of all Canadians.

Some hon. members: Hear, hear.

Mr. Speaker Fraser: We feel certain that, despite the many obstacles that remain, the historic spirit of the Russian people will ultimately prevail.

Canada will do all it can to help. As one of the G–7 countries we helped assemble the recent $24 billion assistance package to Russia which will be tied to an economic reform program devised by the International Monetary Fund.

• (1200)

On a bilateral level, Canada has pledged considerable assistance, and, as you mentioned during your last trip to Ottawa, Mr. President, we have fulfilled all our promises.

We have provided your country with substantial grain and other credits, as well as a wide variety of technical and humanitarian assistance.

We hope that trade and investment ties are also growing.

Clearly, we are in a special position with relation to Russia, a position which we understand, a position that brings a responsibility to us which we want to accept.

Both countries now have an unprecedented opportunity to build on what should be a natural friendship. The last 50 years have perhaps blinded people to the striking similarities and unique ties that exist between our countries.

You mentioned that being here from your country you could feel at home. Canada's vast expanse of land, our northern geography, our climate, our abundant natural resources, our multicultural tradition, even our hockey tradition—all these we share in common with Russia.

Some hon. members: Hear, hear.

Mr. Speaker Fraser: We have taken steps to strengthen these ties.

Part of our technical assistance is aimed at upgrading Russian resource industries such as oil and gas.

As northern neighbours, both countries support the creation of an International Arctic Council which would deal with environmental and security concerns in the region.

Also on the environmental front, which you mentioned, sir, Canada recently pledged to help Russia ensure the safety of its nuclear reactors.

We need to cultivate these bilateral ties.

Perhaps the best way to do it is to encourage people–to–people contact.

[*Translation*]

In May, the House of Commons held a week–long seminar on the theme of "Canada's Federal System of Government", which attracted delegations from the newly emerging democracies of central and eastern Europe, including one from Russia.

We look forward to more such parliamentary cooperation in the future.

[*English*]

Finally, our countries share a common concern over security. The Cold War is over, and a new era in international politics has emerged.

Canada supports and encourages you, Mr. President, in your continued efforts to preserve regional and international security.

Your recent agreement with President Bush to slash strategic nuclear weapons represents an historic breakthrough, and we trust that relations with your neighbours in the Commonwealth of Independent States will show similar goodwill and co–operation.

Your leadership on this matter, Mr. President, is well known in this country.

Some hon. members: Hear, hear.

Mr. Speaker Fraser: In closing, Mr. President, let me say on behalf of all who are here today what enormous respect we have for your achievements as President of the Russian Federation during a difficult period. Your courage has been mentioned.

Perhaps it is appropriate to remind ourselves of what Mr. Churchill said once when asked: "What is the greatest quality a person may have?" He said: "Courage, because it secures all others".

Sir, you are an example of that and we are very proud of you.

Some hon. members: Hear, hear.

[*Translation*]

Mr. Speaker Fraser: We value our growing friendship with your country, and look forward with great eagerness to increasing our ties in the future and helping you in whatever way we can.

[*English*]

Thank you very much, Mr. President, for being with us. You will be welcome again. To you and madam, we wish you good luck and Godspeed.

Some hon. members: Hear, hear.

THE SENATE

Tuesday, June 23, 1992

The Senate met at 10 a.m., the Speaker in the Chair.

Prayers.

SENATORS' STATEMENTS

VETERANS AFFAIRS

THE VALOUR AND THE HORROR—CENSORSHIP OF NFB FILM

Hon. Philippe Deane Gigantès: Honourable senators, I rise to speak again on the issue of the inquiry by the Sub-committee on Veterans Affairs of a CBC-NFB film. The issue here is censorship and it is censorship by a central institution of the federal government. It is censorship of something that cannot harm any living being. Censorship of a criticism of faulty leadership in a war that occurred some 50 years ago is unthinkable, illogical.

Whenever the state has invaded the field of art and free expression to impose censorship, the results have been bad for the society. The Soviet Union was imposing that sort of censorship on expression. Soviet art suffered, Soviet thought suffered. Soviet freedom, of course, was nonexistent. Everybody suffers from censorship.

Like other things, a prohibition of censorship cannot be absolute. Of course, art or films showing the abuse of children, trying to make money out of such horrors and perversities, should be censored. But to censor a movie presented on CBC, made by the National Film Board, because it says that our military leaders in the past made mistakes which cost the lives of young Canadians, lives that could have been spared had that military leadership been more intelligent, more able, that is unthinkable. I cannot understand how we, as a House of Parliament, allow one of our sub-committees to engage in this kind of inanity.

I heard another objection. While our bombing of German cities was stressed as being too cruel, as being unnecessary, the film did not talk of the equally cruel and unnecessary bombing of British cities. Both were horrible! Are we not to say that we made mistakes in the way we treated our enemies—we a civilized society, a democracy? Rather, we must stop this kind of expression. Because of what? Because Mr. Chadderton and his people dislike it?

I ask once more that the Senate please direct Senator Marshall to cease and desist and leave this matter alone.

GENERAL ELECTION

NUMBER OF DAYS LEFT IN CURRENT TERM

Hon. Royce Frith (Leader of the Opposition): Honourable senators will be amazed to know, I am sure, that the election clock is still ticking. If the government of which Senator Murray is a member respects democracy, according to his own definition, Canadians will cast their ballots within 150 days. However, if, in the words of Senator Murray, the present government is "cowardly and contemptuous of democracy", the day of reckoning remains at 537.

Since we might be adjourning today, I want to put two other items on the record concerning the clock. First, I will explain how these calculations are made.

First, a government respecting democracy would have an election within four years. The day of the last general election was November 21, 1988.

Hon. Jean-Maurice Simard: What about the 1984 election?

Senator Frith: Therefore, the next election should be held by November 21, 1992.

For a "cowardly and contemptuous of democracy government"—pay attention particularly, now—subsection 4(1) of the Charter states that:

> No House of Commons . . ..shall continue for longer than five years from the date fixed for the return of the writs at a general election . . ..

The date set for the return of the writs at the last general election was December 12, 1988. The House of Commons, therefore, cannot sit beyond December 12, 1993. This is the date that the "cowardly and contemptuous of democracy" government would see as representing the end of its term.

Since we are proposing to adjourn until Tuesday, September 22, 1992, and the clock will be ticking in the meantime, those counting the time remaining will want to know that on Tuesday, September 22, 1992, the democrats will be left with 59 days and the contemptuous ones will be left with 445 days.

• (1010)

THE SENATE

TRIBUTES TO DEPARTING PAGES

Hon. Royce Frith (Leader of the Opposition): Honourable senators, I have been told that two of our Pages will be leaving us after this break. I have here some notes about them which I will use to put on the record some facts about these young people. I know that the Leader of the Government also wishes to say something about these fine young Canadians.

Michelle MacDonald first arrived at the Senate in September 1988 and worked as a Page until June of 1990. She

returned home to Prince Edward Island, and so she missed the enviable experience of being here during the GST debate.

She was called back to the Senate in January 1991 to fill the vacant position of Chief Page. Her term as Chief Page was not without challenge, however. Seven new Pages had to be trained, and her competent and thorough leadership allowed the transition to be made with a minimum of difficulty.

Am I interrupting you, Senator Simard?

Senator Simard: Maybe she can find a book at a 99 cent store at a reduced rate?

Senator Hastings: What are you talking about? You are babbling again.

Senator Frith: Senator Simard wants to plug my book. I certainly do not wish to interrupt him if he wants to do that.

Senator Doyle: Which book?

Senator Frith: Did I hear someone ask "Which book?" Was it by any chance Senator Doyle? The book in question was being referred to by your neighbour, so I assume he can tell you about it, but if you want any further information it is available at my office.

Michelle MacDonald's term as Chief Page, as I was saying, was not without challenge. Seven Pages had to be trained, and her competent and thorough leadership allowed the transition to be made with a minimum of difficulty. She graduated this year from the University of Ottawa with a B.Soc.Sc. with a concentration in Political Science, and she hopes to continue in the civil service—and we hope she will—either here in Parliament or in the Manitoba legislature.

The second Page who will probably not be back after the break, honourable senators, is Cathy Piccinin. Cathy has spent a lot of time on the Hill. She worked in Senate Debates before becoming a Page in January of 1990.

This year, Cathy graduated *magna cum lauda* from the University of Ottawa with an Honours Bachelor of Arts in History. She has been awarded a fellowship by the University of Ottawa for her post-graduate studies. Her other immediate plans include legislative work for the Secretary of State.

Next something we may not know about. I am told that the Pages will sorely miss Cathy's humour and singing. In order to take in a concert, one has to stay after the Senate has adjourned, because her particular stage for performance is the Senate chamber while the Pages are cleaning up after we have left. Therefore if anyone wants to stay for this afternoon's or for today's noon concert, you have been given plenty of warning, Cathy. I am happy to say that it is a benefit concert, and there will be no admission charge.

Apparently, one of Cathy's favourite shticks, as they say, is to sing refrains from Bugs Bunny cartoons which, with her departure, will no longer enliven the preparation of the Chamber, nor will her knowledge of the intimate workings of Parliament be there to help.

[Senator Frith.]

Cathy leaves with one regret. She has never had a chance to actually take the floor formally in this place, which I suppose is possible with unanimous consent. We will see about that.

I have been asked by the Pages to add one thing, and that is that the remaining Pages would like to thank Michelle and Cathy for their guidance and patience. Their warmth, talents and experience will be missed, but not so much as they will be. They, the Pages, also join us in wishing Michelle and Cathy all the best for the future—health, happiness and successful careers.

Hon. Senators: Hear, hear!

• (1015)

Hon. Lowell Murray (Leader of the Government): Honourable senators, I want to associate myself fully, and on behalf of all of my colleagues on this side, with the remarks made by the Leader of the Opposition, in particular to thank Michelle and Cathy most warmly for their services in this chamber over the last little while.

For the most part, as we all know, our Pages have their studies and the rigorous demands of academic lives to contend with. At the same time, they are here contributing in a very real way to the work of this chamber and assisting honourable senators in their duties. I hope, and believe, that they are learning while they are here with us, that what they are learning is good, and that what they are learning helps to improve their knowledge and increase their respect for the workings of our Parliament. That, at any rate, is the intention, and I hope we are succeeding.

All of them, as I say, have the demands of their studies at the same time as they are subject to a somewhat unpredictable schedule here in the Senate. Nevertheless, they carry out their duties cheerfully, courteously and competently. Their work is, without exception, most satisfactory as far as I and all of our colleagues are concerned.

Senator Frith: Hear, hear!

Senator Murray: In particular, I want to extend our thanks and our very best wishes to Michelle and Cathy, but on this day, possibly the last day before we adjourn for the summer, I would include in my thanks and good wishes all of those who serve honourable senators as Pages in this chamber.

Hon. Senators: Hear, hear!

[*Translation*]

SPECIAL JOINT COMMITTEE ON A RENEWED CANADA

CLARIFICATION OF QUESTION

Hon. Maurice Riel: Honourable senators, I would like to provide some clarification further to questions or comments by Senator Grimard on the age or number of senators in the French Republic. The average age of senators in France is 61. The average age in the French National Assembly is 51. This

reflects the difference in eligible age, which is 35 for the Senate and 23 for the National Assembly.

I would also like to say that most senators, 136 out of 319, or 43 per cent, are between 61 and 70 years old. Ninety, or 28 per cent, are between 51 and 60; 36, or 11 per cent, are between 41 and 50; only 49 are over 70.

I also want to say, on the remark that a senator could be elected with 840 delegates or grand electors, that it is possible, but the average is 2,500. This morning, I checked by telephone with the main administration office of the Senate of the Republic and I was told by fax that the bill changing the electoral college for senators is now under consideration.

The number of delegates from municipal councils would no longer depend on the size of the council but would be strictly proportional to the population of the community, with one delegate for every 500 inhabitants or part thereof.

I think this shows a good representation by age and number for senators in the French Republic.

Secondly, I scratched a note on the short speech I gave yesterday and I wanted to submit it. I suggest that in Canada we give cities of over 500,000 inhabitants more senators because cities have different problems and additional problems due to immigration, population shifts and mobility. Montreal, Toronto, Vancouver, Calgary and Edmonton have over 500,000 inhabitants. I think that is worth considering.

This concludes my statement. Thank you, honourable senators.

ROUTINE PROCEEDINGS

[*English*]

CANADIAN CITIZENSHIP

INTERIM REPORT OF SOCIAL AFFAIRS, SCIENCE AND TECHNOLOGY COMMITTEE TABLED

Hon. Noel A. Kinsella, Acting Chairman of the Standing Senate Committee on Social Affairs, Science and Technology, tabled the tenth report of the committee.

CANADIAN NATIONAL RAILWAYS

REPORT OF STANDING SENATE COMMITTEE ON TRANSPORT AND COMMUNICATIONS CONCERNING DECISION TO SELL RAIL LINE PRESENTED

Hon. Donald H. Oliver: Honourable senators, I have the honour to present the twelfth report of the Standing Senate Committee on Transport and Communications concerning the committee's inquiry into the decision of Canadian National Railways to sell the main railway line between Truro and Sydney, Nova Scotia.

I ask that the report be printed as an appendix to the *Minutes of the Proceedings of the Senate* and the *Debates of the Senate* of this day, and that it form part of the permanent record of this house.

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

Hon. Senators: Agreed.

The Hon. the Acting Speaker: When shall this report be taken into consideration?

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, I realize that no debate is in order at this time, but perhaps I might ask that we revert to this item after government business so that my colleague, Senator Graham, who initiated the inquiry, may speak on the matter. I understand that that would require leave. However, I simply make the request now and we can deal with it later.

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, perhaps Senator Oliver would correct his motion. It is not necessary to print the report in both the *Minutes of the Proceedings of the Senate* and in *Debates of the Senate*. That procedure is an old form which is no longer used.

Second, we would be happy to consider discussion on this report. I would certainly like to accommodate my colleagues opposite, particularly Senator Graham. It is unfortunate that Senator MacDonald is not here to engage in the discussion since he chaired the committee which has tabled this report. I hope that we can return to it following discussion on the same committee's report on Bill C-62 and the report of the committee on that bill that we received yesterday.

Senator Oliver: Honourable senators, I would be pleased to amend my motion on the report as recommended by Senator Lynch-Staunton.

On motion of Senator Molgat, report placed on the Orders of the Day for consideration later this day.

NORTHWEST TERRITORIES WATERS BILL

YUKON WATERS BILL

BILLS WITHDRAWN FROM STANDING SENATE COMMITTEE ON ENERGY, THE ENVIRONMENT AND NATURAL RESOURCES AND REFERRED TO COMMITTEE OF THE WHOLE

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, yesterday we referred Bills C-51 and C-52, acts respecting water resources in the Northwest Territories and the Yukon, to the Standing Senate Committee on Energy, the Environment and Natural Resources.

After hearing Senator Adams speak, I noticed that there appeared to be general support for these two bills. Therefore, if it is the wish of the house to have these bills passed today—assuming that leave is granted for third reading—the minister responsible, Mr. Siddon, could appear before the Committee of the Whole sometime this afternoon. In that way, we could accelerate the procedure.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, I assume that we will be having Royal Assent today. The Deputy Leader of the Government has not yet announced it but I assume that that will be the case. In view of the fact that these bills are noncontroversial, that they are of assistance to the two territories, and that I believe it has been impossible to arrange a meeting of the energy committee in the near future, we would agree to that procedure.

Senator Lynch-Staunton: I should mention that it is the intention, barring unforeseen developments, to have Royal Assent towards the end of the day.

On that basis, I move, with leave of the Senate and notwithstanding rule 59(1)(f):

> That Bill C-51, respecting water resources in the Northwest Territories, and Bill C-52, respecting water resources in the Yukon Territory, which were referred to the Standing Senate Committee on Energy, the Environment and Natural Resources, be withdrawn from the said Committee and referred to a Committee of the Whole later this day.

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

Hon. Senators: Agreed.

Motion agreed to.

[*Translation*]

INTERNATIONAL ASSEMBLY OF FRANCOPHONE PARLIAMENTARIANS

REPORT OF CANADIAN SECTION TABLED

Hon. Eymard G. Corbin: Honourable senators, I have the honour to present the report of delegates from the Canadian Section of the International Assembly of French-Speaking Parliamentarians (AIPLF) who attended the meeting of the AIPLF's cultural affairs committee in Brussels, Belgium from May 11 to 16, 1992.

[*English*]

JUSTICE

SEXUAL ASSAULT AND DIMINISHED ACCESS TO JUSTICE—EFFECTS OF DISCRIMINATION—NOTICE OF INQUIRY

Hon. Mira Spivak: Honourable senators, I give notice that, at the next sitting of the Senate, I will draw the attention of the Senate to the desirability of having the Senate record its recognition that vulnerability to sexual assault and diminished access to justice are often related to social inequalities such as those experienced by specific groups identified by race, national or ethnic origin, colour, religion, age, mental or physical disability, sexual orientation, or occupation.

[Senator Lynch-Staunton.]

[*Translation*]

GOODS AND SERVICES TAX

PRESENTATION OF PETITIONS

Hon. Eymard G. Corbin: Honourable senators, I have the honour to present petitions signed by 531 residents of British Columbia who object to the goods and services tax. Most of these petitions are from Kamloops.

Hon. Jacques Hébert: Honourable senators, I also have the honour to present petitions signed by 502 residents of British Columbia who object to the goods and services tax. Most of these petitions are from Victoria.

Before the sitting, senator Simard wanted to know whether I had any petitions from New Brunswick. I was a bit too hasty and said no, by mistake. I apologize to senator Simard and to the entire population of New Brunswick which has been sending petitions like these for two years.

I therefore have the honour to present petitions signed by 50 residents of New Brunswick who object to the goods and services tax. Most of these petitions are from Fredericton.

So we have a grand total of 552 petitioners which, with the petition Senator Corbin just presented, adds up to more than 1,000. These petitioners object to the GST and, more specifically, as it applies to books and periodicals.

I may remind senators who sometimes look a bit bored while they listen to these petitions, that I am receiving practically every day and that there will be plenty until the next election.

Hon. Jean-Maurice Simard: Does Senator Hébert intend to spend the summer in Ottawa to wait for these petitions to come in and inform his colleagues accordingly as he receives them? I think it would be a nice gesture, and it would be a wonderful opportunity to show his colleagues he is prepared to go to great lengths to make his point and to give them a chance to judge his sincerity or lack of sincerity.

The Hon. the Speaker *pro tempore:* Order!

QUESTION PERIOD

[*English*]

FOREIGN AFFAIRS

WESTERN SAHARA—REQUEST FOR UPDATE

Hon. Lorna Marsden: Honourable senators, the Leader of the Government in the Senate will know that I worry about the Western Sahara, and other nasty conflicts elsewhere in the world. I do not know who will worry about them when I have left this chamber, but I hope I am able to persuade one of my

colleagues to stand up and ask from time to time so the Government will not lose track.

I wonder if the Leader of the Government has a response to my earlier question asking for an update on the situation in the Western Sahara.

Hon. Lowell Murray (Leader of the Government): I don't believe I do, honourable senators, but I will do some research this very day and, even if the time for Question Period has expired, I will send the honourable senator any information that I have.

Senator Marsden: Thank you.

[*Translation*]

CANADIAN FORCES IN YUGOSLAVIA—PARTICIPATION IN ARMED INTERVENTION—GOVERNMENT POLICY

Hon. Eymard G. Corbin: Honourable senators, my question is for the Leader of the Government in the Senate. More and more people are recommending, putting forward the idea, suggesting that a strike force go and put an end to this slaughter, these bloody hostilities which are still going on in spite of all attempts made to pacify warring factions in the former Yugoslavia and its regions.

Is the Canadian government involved in any plan for an armed intervention? If so, does the Canadian government intend to involve Canadian forces already deployed in an essentially peacekeeping role, assigning them the mission of intervening alongside other armed forces in an open conflict?

Hon. Lowell Murray (Leader of the Government in the Senate): Honourable senators, I have in front of me a briefing note from External Affairs on this issue. The note was prepared in English. So, if my hon. friend does not mind, I will read him this note on a possible military intervention.

[*English*]

We are in close consultation with our NATO allies on how best we can assist in seeing this tragedy come to an end. No option can be dismissed, but at the moment there are no plans for outside military intervention. We are trying to use UN forces to permit relief operations to take place, but both sides are constantly violating cease-fires.

[*Translation*]

The honourable senator will know that the UN Security Council has passed a resolution, Resolution 758, dealing with the reopening of the Sarajevo airport. My notes indicate that certain conditions were to be met before this operation could get under way . . .

[*English*]

First, that a durable ceasefire exists, and second, that the warring factions have withdrawn their weapons. The U.N. military observers are currently verifying whether these conditions exist. The commander of the U.N. forces reports to the U.N. Secretary General on this question. The Secretary General, of course, reports to the Security Council.

Finally, I have to report that three Canadian members of the U.N. peacekeeping operation in Sarajevo were injured on June 20 when their jeep was hit by a mortar. This will not deter our contingent from pursuing its mission as soon as possible.

[*Translation*]

Senator Corbin: Honourable senators, I thank the leader of the government for this information. However, I want to ask him specifically what would happen if the Canadian soldiers that are in that region under the aegis of the United Nations became involved in an interventionist conflict; in other words, what would happen if the peacekeeping aspect was left aside and if we literally got involved in an act of war? In such circumstances, would the government consult both Houses of Parliament before committing Canadian forces to this type of operation?

Senator Murray: Honourable senators, the Canadian Forces will not go to war. They are there as peacekeepers.

[*English*]

THE CONSTITUTION

BEAUDOIN-DOBBIE REPORT—STATEMENTS OF MINISTERS—STATUS OF RESPONSE

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, it is likely that we will be adjourning today. Has the minister been able to get for me speeches, comments or anything from the part-time ministers, Mr. Masse and Mr. Bouchard, defending Canada, particularly in their province of Quebec?

Hon. Lowell Murray (Leader of the Government): Honourable senators, I do not know why my friend refers to Mr. Masse and Mr. Bouchard as part-time ministers. They are extremely hard-working and devoted ministers. Mr. Masse is at the Ministry of National Defence, which faces many operational and policy challenges that he is meeting more than satisfactorily. Mr. Bouchard is in the extremely sensitive and difficult portfolio of National Health and Welfare, the ministry with the biggest budget in the Government of Canada. This week alone, he and Mr. Mazankowski, the Minister of Finance, are attending meetings with their provincial counterparts, the provincial treasurers and ministers of health.

These ministers are both working overtime in the interests of the Canadian government and the Canadian people. Both of them are also, it is needless to add, dedicated to national unity, and the record will amply prove that.

Senator Molgat: I thank the minister for that very interesting discourse on the two ministers, but he has not answered my question. Has he yet found a document, a press release, a statement or anything in which they have defended Canada, in the province of Quebec in particular? That is the reason I say they are part-time ministers. One of my colleagues says "part-time Canadians". Are they defending Canada in their province?

Senator Murray: Honourable senators, I reject absolutely the rather offensive description of my cabinet colleagues. I must confess that, while I have undertaken to bring to the attention of the honourable senator press clippings or transcripts of interviews or statements that these ministers have made, I am busy, too, and I have not really treated this as a priority matter. Perhaps the summer will give me the leisure time to give this matter the attention it deserves.

Senator Molgat: I will be waiting with bated breath when we resume in the fall for the undoubtedly large stack of documents my friends will have.

ORDERS OF THE DAY

COASTING TRADE BILL

MOTION TO ADOPT REPORT OF COMMITTEE NEGATIVED

The Senate proceeded to consideration of the tenth report of the Standing Senate Committee on Transport and Communications (Bill C-33, An Act respecting the use of foreign ships and non-duty paid ships in the coasting trade—with certain amendments), presented in the Senate on 22nd June, 1992.

Hon. Donald H. Oliver: Honourable senators, I move the adoption of the report.

Hon. B. Alasdair Graham: Honourable senators, if I may be permitted, I would like to say a few words on the report as a longstanding member of the committee with particular interest in this legislation.

As the chairman indicated, we have very recently concluded our hearings on Bill C-33, entitled, "an Act respecting the use of foreign ships and non-duty paid ships in the coasting trade". If you really think about it, the perspective inherent in such a title seems a little strange. We are a sovereign nation yet we now concern ourselves principally with how best to accommodate the interests of foreign flag vessels and reflagged vessels. What amusement this must cause in many maritime nations, particularly our neighbours south of the 49th parallel!

When the U.S. enacted the Jones Act in the early 1920s, they prohibited all foreign vessels from entering their coasting trade. That prohibition was ratified in the recent free trade agreement, wherein the Americans insisted the agreement not be applicable to their shipping. Canadians cannot participate in their coasting trade, but Americans can in ours, if they get a licence to do so.

We have become, in this country, highly adept at respecting the use of foreign vessels in our waters. Bill C-33 codifies this facility. I am not sure it is a facility of which I, as a Canadian, am particularly proud. We have traditionally observed the principle of reserving Canadian waters primarily for Canadian flag vessels for the transportation of goods and products. That principle is now being set aside. Bill C-33 clearly signifies the beginning of the erosion of that principle.

I have never believed that a fundamental objective of government was to set limits to the progress of a nation. I have never believed that the representatives of a sovereign people should preoccupy themselves with the interests of foreign states. On the contrary, I have always believed that there are no fixed limits to the ambitions and energies of our peoples. If legislation is in some way the catalyst to those energies, if it is in some way the voice of our collective sovereign will, if it is all of that, then we must amend Bill C-33 in accordance with the amendments proposed by Senator Forrestall in the Standing Senate Committee on Transport and Communications.

We must do so because C-33 relates to the way in which we regard the waters of Canada and the seas surrounding Canada. I do not believe we should regard those waters as something other than the territory of Canada. Indeed, I am mystified by those who believe we should allow practices on the waters which we would not tolerate on the land or in the air.

This is a broad policy issue upon which I believe that we, as Canadians, must reflect. We would not tolerate on the land or in the air people bringing other people, who have not got work permits, to work at wages determined by a foreign flag, by the jurisdiction of the Liberias of this world. Yet we do so in our inland waters at a time when 50 per cent of our own Canadian seamen are unemployed.

For those among us who want to rush passage of the bill, who wish an expeditious passage of the law respecting the rights of foreign vessels in our waters, who feel this is a primary concern, I offer a very strong note of caution. We must all remember that the principal task of government is not to set boundaries to the energies of our people. Our task is not to discourage our adventurous citizens, but to reward them for such endeavours. I might remind you that one simple signal is sent by this bill to all maritime nations that Canada now rewards the brave crews of American, Norwegian and Bahamian vessels in its coastal waters. It encourages the dynamism of foreign adventurers, but Canada discourages the vigour of its own people.

The catalyst to our present problem was a 1987 amendment to the Canada Shipping Act which allowed for exemptions throughout Canadian waters to be granted to foreign ships for voyages in Canada. The effect of that amendment was that exclusive protection, which until that time had existed for all voyages in inland waters, from Anticosti to Thunder Bay, became subject to the granting of a licence. As a consequence, it was now possible to have a voyage between Thunder Bay and Toronto being undertaken by a European ship or an African ship—a concept which raises an interesting question, that is, whether this amendment of 1987 was unknowingly put in. Perhaps that would be a kinder interpretation, because it dilutes a protection that had existed until then. As it now

stands, there is authority for granting an exemption for a voyage anywhere in Canada, including the protected area. When I say "anywhere", I mean in that area which, until 1988, was protected, the area west of the Anticosti line.

Bill C-33 allows the NTA to issue licences anywhere in our coastal waters, including the previously protected area.

The earlier Bill C-52, which died on the Order Paper, had a 14-day waiting period between the request of a shipper for a waiver and the granting of a licence. The unamended Bill C-33 dispensed with that 14-day waiting period. This is the heart of what I have referred to as the discouragement problem. Allow me, please, honourable senators, to explain.

• (1050)

The bulk of the domestic fleet in Canada is the Great Lakes Seaway fleet, and the fleet is getting older. We see no national policy in shipping. Indeed, Bill C-33 sets no such national policy.

Many of the ships in the Great Lakes are flagged out, often with flags of convenience, many with crews from other countries. We are watching at the present time the extinction of a once proud domestic fleet.

While we have engaged constructively as a people in signing international agreements regarding endangered species, we seem to do less well in recognizing the demise of our Great Lakes fleet. Honourable senators, there must be efforts made to preserve this fleet and to rebuild it.

I come back to the 14-day waiting period. We all want our shippers to have efficient and unimpeded service. But surely we must attempt to balance this with an objective of equal value; that is, the right of a Canadian shipowner to respond to a trade opportunity. The retention of a 14-day waiting period is essential to achieving this balance—a marriage, I might add, between Canadian shippers and Canadian shipowners; a marriage made in Canada. I am fully in favour of such a marriage, and I am fully in favour of legislation which consolidates the interests of Canadian shippers. Unhappily, Bill C-33 focuses solely on the interests of the former.

Our Great Lakes fleet has been built to optimize the Seaway. Indeed, many feel the future of the Seaway is linked to the ongoing provision of a decent sized and capable Canadian fleet. We therefore must give our Canadian fleet owners an opportunity to respond to waiver requests—a reasonable ability to respond to a waiver request. That request may prove to have long term implications. It may encourage a Canadian operator to consider his ability to provide a ship himself.

Honourable senators, we must assist Canadian ships to become operational. We must not discourage them from becoming operational. While I am fully aware of the demands of the marketplace, I know that the built-in lead time will allow the Canadian shipper the possibility of repositioning his ships. If there is no breathing time, he will have to give a "no" response.

This bill means the end to prospects for a diversified, specialized Canadian fleet. It means recognition that we will tolerate the extinction of our Great Lakes fleet. This is an unhappy development because, when there has been a requirement in Canada to service Canadian business and new technology has been required, we have been the first to go out and do it. I refer to self-unloading technology and to the conversion of vessels to transport cement and asphalt as illustrative of this general historic propensity.

That 14-day waiting period is therefore a powerful signal because it generates a climate of protection in the Maritime industry, an industry in which huge investments are called for. Without this climate, we will not attract the investment and we will not obtain the jobs for Canadians. Honourable senators, we cannot expect an investor to invest $30 million to $40 million if legislation within this country allows shippers to use foreign flag vessels, with the end result that the vessel, built at such great cost, could lie idle.

If I might add, that is how the Americans maintain their fleet. It is how, in this hour of decline, we must resurrect our Great Lakes fleet.

A 14-day waiting period consolidates a made-in-Canada marriage. I heard no convincing evidence in the testimony presented to us that shippers' interests would be seriously or adversely affected. Much talk is made of the need for fast action and the expeditious granting of licences. I do not find the bulk of the testimony convincing in this regard.

Bulk shipments are generally contracted up to a year in advance. We do not have a huge shipping industry, and an investigation by the NTA does not have to take a month. A thorough investigation on both coasts, and on the lakes, is needed in order to find out what is available and what kinds of ships are required.

Often, this issue regarding requests for waivers comes down simply to the suitability of a ship. There is, of course, a great capability for distorting the suitability of a ship, and the potential for such abuse is encouraged by Bill C-33. It takes documentation and investigation to be able to determine whether a suitable ship is available or not.

We must monitor available Canadian shipping capacity and the capability to respond to a waiver request. A centralized database of Canadian ships available must be maintained. The idea of a transparent registry is only an exercise in common sense. Publicity is an important element. If it is part of the public policy of Canada that the coasting trade is reserved for Canadian ships, then there should be publicity any time there is a divergence from that. The public should know about the divergence.

That is the rationale behind this amendment. The amendment is rounded out by the suggestion that, even afterward, there should be publication made saying that we granted a licence to operate for a certain period of time, why this licence was granted, and so on. Intimately tied into all of this is the 14-day lead time.

Finally, honourable senators, many of us remember the uproar caused by the voyage of the *Manhattan* through our Northwest Passage in the late 1960s. We responded at that time with great vigour to the potential threat posed to the fragile ecosystem of the Arctic regions. We did not then preoccupy ourselves with the interests of foreign states. Indeed, we did not then believe, as a sovereign nation, that legislation should be drafted to accommodate the interests of foreign flags.

There was a real spirit to those times. Canadians were seen as a brave and adventurous people who did not hesitate to exert sovereign control over their waters as they did not hesitate to exert sovereign control over their land and airspace. Today, we legislate principally as to how best to accommodate the interests of foreign flagged vessels in our inland waters. We do not legislate to protect our coasting trade for Canadian ships.

I might remind honourable senators that one simple signal is sent by this bill to all Maritime nations. It is that Canada encourages the dynamism of foreign adventurers but discourages the dynamism and the vigour of our own people. It is only right, therefore, that we amend this bill to set the record straight and to provide much needed encouragement to our own citizens of Canada.

Some Hon. Senators: Hear, hear!

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, as indicated to the committee, these amendments are unacceptable to the government. I would like to review them briefly one by one. By doing that, perhaps I will dispel some of the apprehensions and concerns that have been touched on in Senator Graham's remarks, not all of them properly founded.

The first amendment would require that owners of foreign ships observe all the laws of Canada for activities lasting more than 14 days. The use of foreign crew on foreign ships temporarily engaged in the coasting trade of Canada is already governed by the Immigration Act. As soon as Revenue Canada receives the advice from the National Transportation Commission that no suitable Canadian ship is available, an authority is issued to the applicant that spells out the conditions to be met prior to issuance of a licence, including the requirements with respect to labour and immigration.

The effectiveness of the current situation is clearly demonstrated by the fact that, for over half of the temporary permits issued in 1991, Canadian seafarers were employed on foreign ships. In the remaining cases, due to the short-term nature of the activity or the fact that specialized skills were required to operate specialized equipment, it was not practical to replace a foreign crew with Canadian seafarers.

If this amendment is accepted, it is conceivable that opportunities will be foregone due to the requirement to satisfy an arbitrary and unrealistic time frame for replacing foreign crew with Canadians. For example, in offshore activities, the practice has been to train Canadians to perform specialized functions and replace foreign crew when they become proficient. Such training often takes longer than 14 days. Clearly this amendment would preclude the possibility of enabling the amount of training required to ensure the safety of the crew, and a foreign ship would not be permitted to operate. Since no suitable Canadian ship would be available, the activity would not be performed, a business opportunity would be lost, and less Canadian seafarers would be employed.

We cannot support this amendment because it would supersede the current provisions of the *Immigration Act* which have proven to be effective and responsive to current needs. It would represent a duplication of a clause which already states in the act that the issuance of a license:

> ... does not affect the application of any law of Canada that imposes safety or pollution prevention requirements in respect of ships.

Amendment number two would require that an application for a coasting license would not be considered less than 14 days before the provision of the service is intended to commence.

Experience with the current system of issuing coasting licenses clearly demonstrates that the imposition of a mandatory waiting period is not warranted. The waiver system is used on those rare occasions when a suitable vessel cannot be found as a result of the canvassing of the domestic trade. In most cases, the applicant has contacted existing Canadian operators prior to the filing of the application. The length of time required to process an application will depend on the specific circumstances of each application. In some cases, the availability or nonavailability of a Canadian ship can be ascertained to all parties' satisfaction within a short time given the wonders of modern communications technology. Therefore, there is no need to artificially frustrate commercial efficiency through the imposition of a mandatory waiting period.

At the committee hearings, many examples were provided through oral and written briefs outlining the difficulties which would result from the introduction of a 14-day clause in this bill. The Atlantic Provinces Transportation Commission, the Canadian Offshore Vessel Owners Association, the Council of Forest Industries, the Shipping Federation of Canada, and the Chamber of Shipping of British Columbia, all provided concrete examples of situations where a 14-day clause would frustrate commercial efficiency and reduce job opportunities for Canadian seafarers by impeding the use of specialized vessels not available in Canada. Their evidence was that this would result in lost trade opportunities because, if goods were not moved quickly enough, it would encourage the movement of goods by other modes.

Under the existing temporary entry system, which does not require a mandatory waiting period, over half of the temporary permits issued in 1991 involved jobs for Canadian seafarers. The evidence indicates that, rather than provide more job opportunities for Canadian seafarers, the proposed 14-day clause would likely eliminate job opportunities.

The main argument for a 14-day clause appears to be a concern that the waiver system will be abused by the NTA administrators, and insufficient time will be allowed to determine whether a Canadian ship is suitable and available to undertake a specific activity. There appears to be a misconception that, if someone asks for a waiver tomorrow, he will get it. In fact, in 1991, the average time taken by the National Transportation Agency to determine whether a suitable Canadian ship was available was eighteen days. Only seven applications were approved in seven days or less and, in those cases, the unavailability of a Canadian ship had been clearly demonstrated prior to approval. Flexibility is necessary to deal with the unique circumstances associated with each application.

There are provisions in the bill to deal with any potential abuses. The bill provides the Governor in Council with regulation- making powers to describe the criteria under which a licence will be issued and to limit the number of vessels receiving coasting licenses. If abuses were to be identified, such regulation-making powers could be used to correct the situation.

Therefore, we cannot support the introduction of a 14-day clause because of our desire to avoid introducing measures which frustrate commercial efficiency and impede Canadian competitiveness. That is exactly what the 14-day clause would do.

Finally, I will speak on the third amendment, which is the requirement for a ship registry, hearings, and publication of licenses.

The requirement to establish a ship registry as proposed would be a duplication of the information system which already exists at the National Transportation Agency. The existing system works well to ensure that potential Canadian operators are advised of any request to use foreign ships. Clauses 9 and 10 of Bill C-33 deal specifically with the information requirements of the agency, and additional bureaucratic systems are not necessary.

The proposal to conduct a hearing when requested by an interested person would unnecessarily frustrate the efficiency of a system that is working very well. However, Bill C-33 further strengthens the agency's accountability by making it responsible and accountable for the determination of the suitability and availability of Canadian ships. This provision, which is found in clause 8, should satisfy any concerns about accountability for decisions. Those are my comments on the amendments themselves.

I want to correct one impression Senator Graham may have left with his statement that Canadian ships had absolute exclusivity in the waters west of Anticosti before 1987. I will demonstrate that that is incorrect.

In 1987 the Canada Shipping Act was amended to allow exemptions for foreign ships if no Canadian ship was available. Prior to 1987, exemptions were allowed for foreign ships through an Order in Council which had been passed on an annual basis since 1973. Prior to 1973, each license issued to a foreign ship required a specific Order in Council.

This system proved unworkable, particularly during the 1973 energy crises when foreign ships were urgently required to carry oil from the west coast to the east coast. Therefore exemptions to allow foreign ships in the waters west of Anticosti existed long before 1987. The only change that occurred in 1987 was the provision of the enabling mechanism to deal with these exemptions.

Finally, honourable senators, one question often asked during the hearings was: Who does benefit from Bill C-33? Let me briefly answer that question.

Although the bill attempts to find a delicate balance between the diverse needs of Canadian shipowner-seafarer and Canadian shipper-consumer interests, there is no question that the bill provides substantial benefits for Canadian shipowners and seafarers over the existing regime.

The bill extends the coasting trade to include exploration and exploitation activities above the Continental Shelf.

In committee, many witnesses expressed concern about a lack of control of offshore activities. Addressing this concern is precisely what the bill is intended to do: Provide better protection for Canadian offshore activities. The bill extends the definition of coasting trade to include all commercial marine activities in Canadian waters, activities which are presently not covered. The bill provides specific powers to the Governor in Council to limit the number of coasting licenses and restrict the conditions under which they are issued if this becomes necessary.

The bill places additional restrictions on the use of foreign passenger ships in the Great Lakes Seaway system. It also eliminates a preferential treatment for British ships in Canadian waters on the east and west coasts.

The bill clarifies the definition of "coasting trade" to include the carriage of goods by ship, or by ship and any other mode of transport, from one place in Canada to any other place in Canada, either directly or by way of a place outside of Canada, so that any movement of goods through another country is still part of Canada's coasting trade.

I think we can agree that all these changes are for the benefit of Canadian shipowners and seafarers, therefore we urge rejection of the report and, when the time comes, support of the bill at third reading.

Hon. J. Michael Forrestall: Honourable senators, I have no apologies to make. It was never my intention to destroy what is, for most purposes, a reasonably good bill. I set out merely to try to strengthen its provisions.

Nothing in these three amendments is substantive in nature. When asked, government officials repeatedly said that they could live with these amendments. They consistently said that the amendments were not necessary, and that what they attempted to effect is provided for in other parts of the act and in other pieces of legislation. Honourable senators, that may be so to a certain extent but the provisions proposed by these amendments are not found in the act itself, and it is the act which portrays Canadian attitude and philosophy with respect to our coasting practices.

Honourable senators, I believe these amendments should be included in the bill because our legislation will then send a message to the world which more correctly portrays the Canadian perspective.

If, as the honourable senator has suggested, the act is so good that, for example, it provides for excluding foreign ships, and so on, then why not spell it out in the act? This is about the fourth time this act has been re-written since 1968—that is, since the days of the Darling Report. I had the privilege of participating in the development of the legislation to this point. I thought that its predecessor, Bill C-52, was a rather good act. I was sorry to see it die on the on the Order Paper. It included the provisions that we are now attempting to place back into the law, particularly with respect to the 14-day period.

We have been told that it takes an average of 17 or 18 days—in exceptional cases it can be done a lot sooner—to determine whether or not a suitable vessel is available for the work at hand. We are just asking for 14 days.

The purpose of the 14 days is to serve notice that this is not a rubber stamp process. Indeed, you have to demonstrate, first, your need; second, that you did not wait for the opportune moment, like the day before you wanted the vessel, before applying for a waiver; and, third, that there were no suitable ships available. I mean that in the specialized sense, in the sense of activity on the Seaway, and with respect to specialized activity like the movement of salt. I do not consider the movement of bulk cargo such as oil and grain, except through the Seaway, to be specialized work. That is a general activity now. Most ships built for that general trade are quite convertible from liquid to bulk and other types of cargo. It makes it easy for companies to conveniently pre-position their ships at certain ports.

I hate to pick on the Irving Oil Company, but they are often set up as an example. I think they are less guilty than we sometimes portray them, but in the past they have been found to act very comfortably. In other words, in the past they have registered vessels offshore and kept them tied up in Saint John, New Brunswick, or in Halifax. These would be ships with perhaps Canadian officers but foreign crews. They would then apply for a waiver and, lo and behold, there would then happen to be one ship right there in the port and the waiver would be granted. That is the type of activity the 14-days' notice would attempt to correct.

It would be transparent, because another amendment that I moved would require that a registry of ships be put together and effectively operated by the National Transportation Agency in a way that was apparent to everybody—in other words, not only the shipowners, but also the crews and the unions.

The fact that 30 days after the granting of a waiver there would be a requirement to publish the details of that application and the granting of the waiver in the *Canada Gazette* provides a further protection. People engaged in seeking waivers would always know that someone was looking over their shoulders and that there was always a possibility that someone might just say, "You are not doing that quite correctly."

Senator Graham has touched on the four or five main points that preoccupied the committee during its hearings. I should like to try to point out my concerns to senators concerning these amendments, namely, the 14-day waiver notice and the provision that beyond 14 days a vessel with a foreign crew that was granted a waiver would then have to comply with Canadian law.

It remains a practice and fact that seamen on foreign registered vessels operating in Canadian waters do so with the tacit understanding of Revenue Canada, Employment and Immigration Canada and Labour Canada. The fact of the matter is that they are foreign nationals. They are aliens. They do not have Canadian work permits. Anyone else coming into Canada must comply with Canadian law before going to work here. That is fairly simple and fairly straightforward. Everyone recognizes and understands the reasons for that law and the need to comply with it. But not so the government with respect to seamen. They can come in and work at will for protracted periods. Sometimes these waivers last more than a year.

If foreign seamen are to be working in Canadian waters, enjoying the benefits of our country, and the protection of its laws and the health programs we have, as well as all of the other benefits, what is wrong with putting that in the act and making foreign owners and operators comply with Canadian law? They do not necessarily have to change crews all the time. That is not what we are suggesting. We are suggesting that they should have to comply with Canadian law and that the operators or the owners should have to demonstrate, to the satisfaction of the Canadian authorities, that these seamen are required and that there are no Canadians to fill those jobs. I do not see anything wrong with that at all. As a matter of fact, it would be of great benefit to Canadians.

Senator Graham mentioned at one point that it is a little ironic that, while the Americans, who have the enjoyment of the provisions of the Jones Act with respect to their coastal

[Senator Lynch-Staunton.]

shipping, simply do not allow waivers of any kind except for emergency purposes governing the government's specialized activity, we, on the other hand, are making it a simple process. We are saying to the world that our country and our waters are open to commercial activity. We are saying, "Come and enjoy it and we will protect you." It is more than just the thin end of the wedge. The term "erosion of our sovereignty with respect to our three coasts" is very evident and apparent. Sooner or later someone will come along with a vessel that can transit the Seaway at significantly lower costs, obtaining waivers on the ground of suitability. But that suitability includes determination of costs. That is one of the criteria. A vessel for $50,000 a day may not be suitable when you only want a $10,000-a-day vessel, and that works in reverse. If I can transit the Seaway for a quarter of the cost today, then for economic reasons, that is probably the way I would want to go.

• (1120)

Honourable senators, we should protect against that possibility, and by staying with the bill as it was before being amended by the committee I think we are inviting a further decline in our sovereignty in this respect.

Honourable senators, the question is before us. It has been suggested that the report of the committee be rejected, and that the bill be voted upon. I must say, honourable senators, this is the first time in 27 years that I have found myself at such a distance from my legislative colleagues. However, I am pleased and proud to say to those who are interested and concerned that I have had an opportunity to speak for some Canadian seamen and officers and for their families in this regard. This is their livelihood; this is their life. If we do not speak for them, I do not know who will.

Honourable senators, I thank you for the privilege of this opportunity to make a few brief comments.

The Hon. the Acting Speaker: It is moved by the Honourable Senator Oliver, seconded by the Honourable Senator Teed, that this report be adopted now. Is it your pleasure, honourable senators, to adopt the motion?

Some Hon. Senators: No.

Some Hon. Senators: Yes.

The Hon. the Acting Speaker: Will those Honourable senators in favour of the motion please say "yea"?

Some Hon. Senators: Yea.

The Hon. the Acting Speaker: Will those honourable senators opposed to the motion please say "nay"?

Some Hon. Senators: Nay.

The Hon. the Acting Speaker: In my opinion, the "nays" have it.

And two honourable senators having risen.

Hon. William M. Kelly: Honourable senators, prior to his leaving the Chamber, my opposite number gave me his proxy. Therefore, he has agreed to a 20-minute bell.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): It could be shorter than that, as far as we are concerned. If it is 20 minutes, that is fine.

Senator Kelly: What we want to do is get an indication of your total strength today, so we thought 20 minutes would do.

The Hon. the Acting Speaker: Honourable senators, there will be a 20-minute bell. Please call in the senators.

The Senate adjourned to the call of the bell.

• (1130)

The sitting of the Senate was resumed.

The Hon. the Acting Speaker: Let the doors to the chamber be locked.

Motion of Senator Oliver negatived on the following division:

YEAS

THE HONOURABLE SENATORS

Adams	LeBlanc (*Beauséjour*)
Bosa	Lewis
Cools	MacEachen
Corbin	Marsden
Fairbairn	Molgat
Forrestall	Neiman
Frith	Petten
Gigantès	Pitfield
Grafstein	Riel
Graham	Stanbury
Hays	Stewart
Hébert	Stollery
Kirby	Watt
Leblanc (*Saurel*)	Wood—28.

NAYS

THE HONOURABLE SENATORS

Baroots	Lavoie-Roux
Beaudoin	Lynch-Staunton
Beaulieu	Macdonald (*Cape Breton*)
Bolduc	Macquarrie
Buchanan	Marshall
Carney	Murray
Castonguay	Nurgitz
Chaput-Rolland	Oliver
Cochrane	Ottenheimer
DeWare	Phillips
Di Nino	Poitras
Doody	Robertson
Doyle	Ross
Grimard	Rossiter
Johnson	Simard
Kelleher	Spivak
Kelly	Sylvain
Keon	Teed—37.
Kinsella	

ABSTENTIONS

THE HONOURABLE SENATORS

Nil

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

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, with leave now.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, in view of the fact that we will be having Royal Assent this afternoon, I am prepared to grant leave. There is nothing to prevent a senator from debating third reading or from proposing amendments, if such is the wish.

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

Hon. Senators: Agreed.

THIRD READING

The Hon. the Acting Speaker: With leave of the Senate and notwithstanding rule 59(1)(*b*), it is moved by the Honourable Senator Rossiter, seconded by the Honourable Senator Cochrane, that this bill be read the third time now. Is it your pleasure, honourable senators, to adopt the motion?

Some Hon. Senators: Agreed.

Senator Molgat: On division.

Motion agreed to and bill read third time and passed, on division.

CANADA MORTGAGE AND HOUSING CORPORATION ACT

NATIONAL HOUSING ACT

BILL TO AMEND—THIRD READING—DEBATE CONCLUDED

On the Order:

Resuming the debate on the motion of the Honourable Senator Kinsella, seconded by the Honourable Senator Kelly, for the third reading of Bill C-82, An Act to amend the Canada Mortgage and Housing Corporation Act and the National Housing Act and to amend another Act in consequence thereof.

Hon. Royce Frith (Leader of the Opposition): Honourable senators, yesterday I said that I wanted to make some comments about Bill C-82 on the particular subject of co-ops; that is, cooperative housing. I have been building a file on the subject of cooperative housing for some time. Overnight and this morning I had the chance to review it. I found that much of the material was very handily synopsized by one of the items I had in the file, to wit, an address by a colleague in the House of Commons, Mr. Joe Fontana, the Liberal housing critic. He made this speech on June 6, 1992, in Winnipeg. I shall not read the speech, but I should like to excerpt some of his comments and, in particular, some of the facts he put on the record about co-op housing.

Senator Lynch-Staunton: Order.

Senator Frith: I am sure we all feel the same when we are making a speech: We do not really expect our colleagues to listen to us, but we do appreciate it if they do not compete with us.

At any rate, honourable senators, on the subject of co-op housing, according to material I have just referred to, the record appears to support quite eloquently the fact that this federal government is not dedicated to, or even interested in, providing affordable housing. If anything, it wants to vacate the field. In doing so, the government is ignoring the fact that co-operative housing is 40 per cent cheaper to operate than subsidized rental housing, ignoring the fact that 164,000 taxpayers are currently on waiting lists for co-op housing, and ignoring the fact that the co-op program has successfully delivered low-cost housing to specific groups with specialized needs, such as seniors, recent immigrants, aboriginals, the disabled and single parents.

Co-operative projects, honourable senators, are mixed income communities, not, as some have described them, "ghetto housing". Ironically, this government is also ignoring its own statements and analysis of this program. Minister Elmer MacKay some time ago announced that he would renew the social housing and co-op housing program with a budget of $6.1 million. In announcing his decision the minister said in a press release of just a few months ago, December 17, 1991:

> The revised program will make more effective use of scarce tax dollars, ensuring federal subsidies are fully directed towards a mix of low- and moderate-income families.

But the government soon reneged on that promise when the Minister of Finance, Mr. Mazankowski, in the House on March 11 said:

> How is it that it is well targeted when 50 per cent of those who occupy these units are not in effect qualified under the provisions of social housing?

Mr. Mazankowski, it seems to me, revealed an ignorance of the co-op program, because he failed to realize that this same 50 per cent of the occupants pay market rents for their co-ops. These units are not subsidized. So here was the government praising the co-op program a few months ago, and now the Minister of Finance is making excuses for eliminating the successful and cost effective program.

What makes the government look even more hypocritical is its refusal to allow proposed co-op housing developments to access the financing mechanism that has made them so financially cost effective. The ILM, the indexed-linked mortgage, was developed for co-op housing, and the federal government's own evaluation concluded that ILM encourages the lowest possible financing cost. The ILM financing mechanism apparently was also available for non-federally subsidized co-ops. When the government eliminated the federal co-op housing program it also eliminated the ILM. Therefore, one of the most innovative mechanisms ever offered by the government to reduce financing costs was terminated without any consideration for the consequences. The elimination of ILM appears to be just a spiteful act on the part of the government calculated to prevent co-op housing from being delivered by any other group.

The government appears to be what is sometimes described as the dog in the manger, the metaphor being that the dog in the manger does not eat the hay but stays there to prevent the horse from eating it. The federal government appears to have a hidden agenda for cancelling the co-op housing program and cutting off what was its lifeblood, which in fact had been provided by this government. So, step by step, the government has been progressively eliminating the federal role in housing through the budgetary process, but not through constitutional dialogue.

In the initial proposals released in the document entitled, "Shaping Canada's Future Together", the government indicated it was willing to withdraw its participation in the housing sector. At a convention of the Conservative Party last August, members sent such a message to their leadership when they passed a resolution that discouraged the government from pursuing policies that would create access to affordable housing.

The government is effecting constitutional change in practice, as I mentioned earlier, by appearing to want to withdraw from the field through the budgetary process rather than through a constitutional dialogue that addresses the concerns and needs of the provinces and of Canadians generally. By eliminating co-op housing the government is ignoring the need for fixed income housing and therefore ignoring its responsibility to create healthy Canadian communities.

By cutting housing expenditures so severely, the government is abdicating its responsibility to provide adequate and affordable shelter to Canadians. The recent budget slashed funds for new social housing units by over 50 per cent in the next three years. The cut will cost low-income seniors, families and disabled persons at least 25,000 homes in the next five years. In addition, 50 thousand low-income households will not get the money they need to improve their substandard houses. This will also result in the loss of approximately 35,000 jobs and about $2 billion of housing construction across Canada over a five-year period.

It seems to me that we do not need legislation that prevents the delivery of effective housing such as co-op housing. We do need a government that will spend the little bit required to encourage this country's most positive housing program, namely, cooperative housing.

That is the bad news about this bill. However, there is good news in this bill, but that good news is the government can exploit to partially solve the bad-news scenario I have just outlined.

Passage of this bill will mean that the CMHC will be permitted to lend directly, thereby cutting out the middleman. This will amount to an approximately 1.5 per cent saving. In response to questions asked by my office, I am told that saving will amount to $150 million of present budgets. If that is so, the government should reinvest that $150 million into social housing, especially co-op housing. In my opinion, that would be the best-possible and biggest-by-far bang it could get for those bucks.

Hon. Pat Carney: I would like to reply to the remarks made by Senator Frith. The points he raised are extremely interesting. We mutually support the concept of co-op housing and social housing. However, some of his concerns are not adequately linked to our need to target the funding for truly low-income Canadians.

Passage of this bill will eliminate the co-op Index Linked Mortgage Program. That program uses an innovative financing instrument called the "Index Linked Mortgage" which is, basically, a loan on which monthly payments of principal and interest rise over time with inflation, less 2 per cent. Therefore, the payments are less.

Federal funding assistance is provided to fill the gap between the cost of operating the project and the occupancy paid by co-op members. About 50 per cent of the units in the co-op ILM projects are targeted to low-income households which receive additional funding assistance under the Rent Supplement Program. Of course, the remaining 50 per cent are moderate-income households.

Basically, given the deficit situation and the tough economic realities, the provisions in this bill try to target scarce resources exclusively at those in greatest need.

It act provided assistance for cooperative housing to promote security of tenure for households unable to access home ownership, but today clients of the program who are moderate-income households do have more opportunities to access affordable, decent housing on the private market through such instruments as lower interest rates and the use of the RRSPs.

Low-income Canadians who cannot access decent, affordable and suitable housing in the private market will continue to be assisted through the ongoing Social Housing Program. That is a very important point. Co-op projects will continue to be available under the totally targeted non-profit housing program for those Canadians in need; and the federal government will continue to support the 14,800 units which have already been built under the co-op ILM program. Low-income households living in the ILM co-ops will continue to be supported under the Rent Supplement Program.

Senator Frith's suggestion about using the savings to finance social housing is certainly worth examination. I would certainly be prepared to make that recommendation to the minister.

Senator Frith: Honourable senators, may I have leave to make a short additional intervention?

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

Hon. Senators: Agreed.

Senator Frith: I would thank Senator Carney for adding some important facts to this debate, and particularly for her comment about considering using the savings effected by this bill to finance social housing.

For the reasons I mentioned, namely, the good parts of this bill, and because of what Senator Carney has said, I believe we should support the passage of this bill.

Motion agreed to and bill read third time and passed.

STATUS OF THE ARTIST BILL

THIRD READING

Hon. S. Chaput-Rolland moved the third reading of Bill C-7, An Act respecting the status of the artist and professional relations between artists and producers in Canada.

Motion agreed to and bill read third time and passed.

TRANSPORTATION OF DANGEROUS GOODS BILL, 1992

THIRD READING

Hon. Donald H. Oliver moved the third reading of Bill C-45, An Act to promote public safety in the transportation of dangerous goods.

Motion agreed to and bill read third time and passed.

[Senator Carney.]

OIL AND GAS PRODUCTION AND CONSERVATIONACT

BILL TO AMEND—THIRD READING

Hon. C. William Doody moved the third reading of Bill C-58, An Act to amend the Oil and Gas Production and Conservation Act and other Acts in consequence thereof.

Motion agreed to and bill read third time and passed.

• (1200)

ENERGY EFFICIENCY BILL

THIRD READING

Hon. Brenda M. Robertson moved the third reading of Bill C-41, respecting the energy efficiency of energy-using products and the use of alternative energy sources.

Motion agreed to and bill read third time and passed.

CANADIAN ENVIRONMENTAL ASSESSMENT BILL

THIRD READING—DEBATE SUSPENDED

Hon. Gerald R. Ottenheimer moved the third reading of Bill C-13, to establish a federal environmental assessment process.

Hon. Dan Hays: Honourable senators, as Chairman of the Standing Senate Committee on Energy, the Environment and Natural Resources which studied this bill, I would like to speak to it. I will be speaking to it in the context of the report that the committee has presented on the bill. With your patience and indulgence, honourable senators, I have a rather long speech. It is in your hands as to whether or not you wish to hear the whole of it.

To begin with, I should like to thank the witnesses who appeared before the committee. They were 15 in number, not including the federal minister and officials from the Federal Environmental Assessment Review Office.

I would also like to thank the honourable senators, some of whom are permanent members of the committee and some are not, for the patience and courtesy they showed me during the proceedings on Bill C-13. They were lengthy and, in some cases, contentious. Throughout, the courtesy of honourable senators was appreciated and made all our work a lot easier.

At the same time as I thank honourable senators I would also thank those who supported the committee, in particular, Monique Hébert from the Library of Parliament, who spent the weekend working on the report that is before the Senate and which I now intend to address. I should mention as well the Clerk of the committee who also worked on the weekend. Throughout the process of the hearings on Bill C-13, we had good support from those assigned to the committee.

Bill C-13 replaces the existing federal environmental assessment regime, commonly known as the EARP Guidelines, or the guidlines order. This was an order implemented

by Order in Council under the official name Environmental Assessment and Review Process Guidelines Order.

Since its implementation in 1984, this guidelines order has given rise to a number of court challenges aimed at compelling the relevant federal authorities, be it the federal ministers of transport, fisheries and oceans or some other minister, to conduct an environmental assessment in accordance with the guidelines order before taking whatever steps they are required to take under the laws they administer. This could be, for example, an obligation of the minister of transport to conduct an environmental assessment before granting approval under the federal Navigable Waters Protection Act in relation to the construction of a dam on a waterway governed by that act.

There has been, in the past, some reluctance on the part of the relevant federal decision-makers to comply with the guidelines order and to conduct an environmental assessment on a systematic basis. One reason for this reluctance was that the guidelines order was considered to be a mere administrative directive instead of a legally binding obligation. Consequently, there was some resistance on the part of the federal authorities to conduct these environmental assessments, particularly where "primarily provincial" projects were at issue.

Environmentalists, however, viewed the guidelines order in a different light. In the hope of blocking projects they opposed, they launched court actions to compel federal authorities to live up to their obligations under the guidelines order and conduct the requisite assessment.

The environmentalists were victorious in the end. In a judgment handed down in April, 1989, by the Federal Court, Trial Division, in the case of *Canadian Wildlife Federation v. Canada*, the Canadian Wildlife Federation succeeded in obtaining a court order compelling the federal minister of the environment to conduct an environmental assessment in relation to the Rafferty and Alameda Dam projects in the Province of Saskatchewan. This judgment was upheld on appeal by the Federal Court of Appeal, but was not appealed further.

In a more recent case, the courts were again asked to order the relevant federal authorities to conduct an assessment under the guidelines order. This case was launched by the Friends of the Oldman River Dam Society which was seeking to block the construction of a dam on the Oldman River in the Province of Alberta. Unlike the previous case, however, this case went to the Supreme Court of Canada.

In a far-reaching judgment handed down on January 23 of this year, the Supreme Court ruled that the guidelines order had the force of law and had to be complied with in all cases to which it applied. More significantly, however, the court also held that it was constitutionally permissible for the federal government to enact laws in relation to the environment even though these might incidentally encroach upon areas of provincial jurisdiction.

It is perhaps not an exaggeration to state that this judgment sent shockwaves through the Canadian environmental community. By establishing that the federal government could carry out environmental assessments on projects that involved an area of federal responsibility, the Oldman case was hailed as a landmark decision by environmentalists. On the other hand, it brought home the fact to all governments that the federal government could, legitimately, conduct environmental assessments on any project over which it had some jurisdiction, even though these projects might be "primarily provincial" in nature.

It is within this context that Bill C-13 was referred to the Senate committee. It should be stressed, however, that although the bill came to us only recently, it is by no means a bill that was pulled together at the eleventh hour in response to the court challenges that were launched under the guidelines order. In fact, the bill had its genesis in the April, 1989, Speech from the Throne. At that time, the Government of Canada announced its intention to reform and provide a statutory foundation for its environmental assessment process.

Bill C-13 was introduced in the House of Commons as Bill C-78 in 1990. Although Bill C-78 died on the Order Paper when Parliament was prorogued in May of 1991, it was reinstated as Bill C-13 in the new session of Parliament.

Taking its predecessor into account, Bill C-13 has now been before Parliament for two years. It is far from perfect. It is a controversial piece of legislation that has been universally criticized. No one seems to be entirely satisfied with this bill. The reasons for dissatisfaction, however, are as varied as there are provisions in the bill. Some believe it does not go far enough, whereas others believe it goes too far.

There is little question that when viewed in isolation, Bill C-13 is a difficult piece of legislation to support. To begin with, it was challenged on constitutional grounds by several groups that appeared before us. In addition, the Quebec Minister of the Environment, from whom we had the privilege of hearing, strenuously objected to the clause in the bill that would allow federal environmental assessments to be carried out on "primarily provincial" projects simply because the project might receive some measure of federal financing.

The committee was sympathetic to these concerns. Indeed, we recognized that the scope of this bill is very broad, for it could potentially apply to any number of projects that touched upon some area of federal responsibility, however incidentally, when looked at in terms of the project as a whole.

In the end, however, the committee was not satisfied that this controversial "spending trigger", as it has come to be known, or any of the other measures that could trigger an environmental assessment under the bill were, per se, unconstitutional. In coming to that conclusion, we relied quite heavily on the Supreme Court of Canada's decision in the Oldman River case. In addition, we received conflicting legal opinions on this issue from the legal witnesses who appeared before us. Groups like the *Centre Québecois du droit de l'environment*

and the Quebec Bar Association clearly indicated that, in their opinion, the impugned measures were constitutionally unobjectionable.

Another factor that weighed heavily on the committee's deliberations on this issue was the fact that the Canadian Council of Ministers of the Environment, CCME, which outlined its outstanding concerns with the bill in a letter that was forwarded to my attention as committee chairman, did not at any time challenge the bill on constitutional grounds.

This is not to say that the CCME gave the bill a ringing endorsement. On the contrary, it expressed disappointment that its recommended changes had not been acted upon. It did not, however, take issue with the bill on constitutional grounds. This fact was most significant in the committee's collective mind.

The committee recognizes that there is room for honest disagreement on this question. Based on the submissions received, however, we could not agree that the bill was *ultra vires* the Parliament of Canada.

There is little question that Bill C-13 is politically sensitive because it has the potential to be a far-reaching and invasive instrument. As was pointed out to us in evidence, however, the real constitutional problem lies not with the bill itself but with the underlying division of powers on which it is based. Obviously Bill C-13 cannot be expected to resolve ongoing controversy over the constitutional division of powers. As we all know, this crucial issue is being debated in another forum. Bill C-13 would not seem to be the proper vehicle for raising any differences that may exist in this regard.

From a practical point of view, the committee was extremely concerned about the submissions made with respect to the bill's potential for duplication of process. Underscoring the breadth of projects that could be subject to environmental review under this bill, witness after witness from the business sector and industry were deeply concerned about the fact that two sets of environmental assessments might have to be carried out in relation to the same project, one at the federal level and one at the provincial level.

Duplication of process was also a major concern with the CCME. In order to avoid the potential for duplication of process, the CCME proposed a twofold amendment to the bill. One of the amendments—termed "a cooperative scoping mechanism"—required that as regards projects involving both levels of government, the relevant authorities would have to get together beforehand to determine how best to handle the environmental assessment under the circumstances.

The other amendment—the equivalency clause—would have enabled the federal minister of the environment, in cases of joint review, to transfer all or part of the federal assessment to the other jurisdiction, provided the latter's assessment process met the federal standards.

[Senator Hays.]

While making it clear that adoption of the foregoing amendments were still its option of choice, the CCME indicated that the provincial and territorial governments were currently working with the federal government to establish bilateral agreements that would reflect a consistent environmental assessment relationship across the country. It would have made our job much easier, honourable senators, if that task had been completed before having to deal with this bill because we were told that, together with the regulations, which we have not seen, those agreements would address many of the concerns we heard.

The CCME must be commended for its constructive approach. Rather than digging in its heels and insisting that its proposed amendments be adopted, it seems intent on making the best of the situation by working with, instead of against, the federal government in order to make the system work. Obviously, it is in no one's interests that two environmental assessments be carried out in relation to the same project.

While the CCME's two-prong proposal appealed to a number of members of the committee, the fact is that the federal government decided against this approach. However, in our view, a cooperative approach in this difficult area is crucial. Every effort must therefore be made by all parties concerned to include these bilateral agreements at the earliest opportunity. If this were done, many of the problems raised by witnesses, as I said before, would be resolved.

Given the bill's broad scope and its concomitant potential for applying to a wide range of primarily provincial projects, it is equally important that, in negotiating these bilateral agreements, the federal government be aware of and be as sensitive as possible to the concerns the provinces have in relation to projects coming primarily within their jurisdiction.

The broad regulation-making powers that cabinet would have under Bill C-13 were also an area of serious concern to the committee. In this regard, the bill only provides a general outline of the types of projects that might be subject to review. The regulations, however, will set out in detail which projects will actually be subject to review and what type of review will have to be carried out in relation to these projects.

Since so much would, in fact, be determined by regulation, it is not surprising that so many witnesses warned that, by adopting this bill, Parliament would be signing a blank cheque. This remark hit home. Bill C-13 constitutes yet another example of where legislation is defined not by Parliament, where it should be, but by executive action. Unfortunately, the regulatory approach to law-making seems to be a growing trend with the federal government. Needless to say, the committee is deeply concerned about this because we are basically being asked to sign a bill of goods without having seen them.

Hon. John Stewart: I am reminded, honourable senators, of a book published in about 1928 by Lord Hewart. It was entitled *The New Despotism*, and it dealt precisely with the

supplanting of statutes law by Orders in Council, a practice that this government has recently taken up with great zeal.

Senator Frith: They are born despots so it is not surprising.

Senator Hays: All governments seem to think that governments will never change, and historically that has proven to be wrong in almost every instance. That is one of the reasons I have raised this issue. To an extent, Parliament's role is diminished and that brings upon us other problems.

Bill C-13 is an extremely controversial project. A major reason for this is that no one knows for certain what will eventually be set out in the regulations. Even if these regulations had been tabled in final draft form before the committee, we all know that a modification to them is only a cabinet order away.

The bill's uncertain scope has been one of the most controversial aspects of the proposed legislation. Surely it would have been better and wiser if the most important of the regulations, such as the law list, had been set out in an appendix to the legislation—the law list being one of the features of the bill, specifically contained in clause 5, which sets out the general types of projects subject to automatic review under the legislation.

Hon. the Acting Speaker: I regret to inform Senator Hays that his time has expired.

Senator Hays: Mr. Speaker, I do not have much more to add.

The Hon. the Acting Speaker: Is it agreed, honourable senators, that Senator Hays have leave to complete?

Hon. Senators: Agreed.

Senator Hays: The only positive comment that can be made in relation to this regulatory approach to law-making is that the federal government has set up a regulatory advisory committee to assist it in drafting the important regulations. This advisory committee is comprised of, among others, representatives from the provincial and territorial governments, the business sector, industry and environmentalists.

Before this bill can be proclaimed into force, a number of these regulations must be completed, given that they are essential to the bill's application. Under the circumstances, the committee recommended that these be drafted with all due dispatch and that the federal government remain sensitive to the concerns of the members of the advisory committee. As these regulations will define in greater detail the actual scope of the bill, the concerns of the provinces and of the territories should be accommodated to the greatest extent possible.

The final point I would like to touch upon involves the inconsistencies in the English and French versions of the bill. I am not going to say very much about it because I know other colleagues, on both sides, will have some comments. In the interests of time, I will simply leave it to them to express concerns about some egregious errors in the legislation in terms of, as I see it, simply not dealing with changes as between the French and English versions of the bill. As honourable senators will know, there was an attempt in committee to amend the report to ensure that these would be dealt with.

To conclude, Bill C-13 has been before Parliament for two years. There has been considerable public consultation on this bill. There are concerns, some of which I have touched upon. If I wanted to, and with your indulgence, I could go on at considerable length in dealing with these concerns in some detail. However, I have touched on the important ones that come to mind.

Honourable senators, I will conclude my remarks at this point and thank honourable senators for their patience during the meetings of the committee. In conclusion, I see lots of room for improvement in this bill. It is an extremely important area where we are breaking new ground. One of the witnesses said to the members of the committee that the world has changed; it will never be the same, with environmental issues now playing a role in not only bio-physical decisions but also economic decisions, and combinations of the two.

Another concern expressed by many people is that the bill provides that we take into consideration in an environmental review not only the environment alone but also the cumulative effects of a particular project on other environmental issues that may not be directly related to the project, as well as on certain economic issues in terms of alternatives. This has given rise to understandable and valid concerns on the part of the provinces. I expect, honourable senators, that on this bill we may hear other comments from other honourable senators, in particular from the government side on this issue.

Having said that, I see the need for the legislation. We will have to learn on the job, as it were, to deal with this important, new problem that we are faced with, namely, the environment; how to deal with it and how to ensure that what we do will preserve our environment in keeping with the general public feeling of this time, much of which had its roots in the Bruntland Commission Report and the idea of sustainable development for the future of the world.

[*Translation*]

Hon. Jean-Marie Poitras: Honourable senators, we are considering a very important bill, a bill dealing with the environment. I think that each of us should care deeply about this planet of ours and pass on to future generations a nice place to live in, a place with a quality of life.

I have had substantial concern for the environment for a number of years now. That is why I sat on the Standing Committee on Energy, Environment and Natural Resources until just recently.

Needless to say that legislation must be made in that area. That is why I support the principle of this bill. I did participate to the best of my abilities, as I should, to the work of the Committee on this issue. I have heard many testimonies and asked

many questions. I also made the best suggestions I could think of.

The report before us reflects the many concerns of members and witnesses. I will not discuss again the content of the report that Senator Hays has done his best to explain given the time he had. I would imagine that those of you who have not already had, will make a point of skimming through it.

The fact that a committee of the stature of the one to which this bill was referred to concluded its report by mentioning, in the last paragraphs, the need to find out if the cup is half full or half empty expresses clearly the situation approving this bill puts us into.

Of course, language is among the weak points of this bill. Should the French version of this bill prevail or was the bill originally drafted in English? There are so many incredible discrepancies that one could almost wonder if, on the other side of this House and in the other place, the government members even had the time to read through it.

On two occasions, the Minister of the Environment testified before us and we were given assurances that the minister will promptly remedy to this situation. Aside from this major flaw, I think we should take the word of the minister for it and believe that the appropriate corrections will be made to this bill.

As for the rest, Senator Hays mentioned of course that a lot of corrections were needed. It seems to us that no effort was made to give it a second try so to speak. A little effort could have brought a much needed consensus between the parties.

That is why, honourable senators, to make clear how important this bill is in my opinion and the need for these bills to be well-thought-out by the time they get to us, which calls for pre-study if need be to avoid this kind of situation, I will have no choice but to abstain from voting when this bill is read for the third time. Thank you, honourable senators.

Hon. Claude Castonguay: Honourable senators, I would like to add my comments on this bill before we proceed with the final stage. From the committee report Senator Hays presented this morning, it is clear that this bill contains numerous weaknesses. What we have before us is legislation that was poorly drafted.

Like all my colleagues in this House, I would imagine, I am in favour of the principle of the bill. I have no hesitation on that score.

Among the bill's weaknesses there is one I feel is particularly serious. As a minister I was a member of the Quebec government for a number of years. I have also been anobserver of the political scene for more than 30 years, and one of my conclusions has been that the federal government's use of its spending power to encroach on areas of provincial jurisdiction is the factor which has contributed most to all the conflicts we have seen between the Government of Quebec and the federal government and, in some instances, between the federal government and other provincial governments.

[Senator Poitras.]

This morning I saw in the newspapers that a professor at the University of Victoria, who had just published a study, had reached exactly the same conclusion that the federal government's exaggerated use of its spending power was instrumental in making federalism what it is today.

I would also say that this use of its spending power put the federal government in its present disastrous financial situation. However, that is not specifically relevant to this bill.

Personally, I think it is a serious mistake that clause 5 of the bill should open the way for the government to intervene, on the basis of its contribution to certain projects, and impose its own environmental assessment process.

Past experience has shown that federal officials will want to use that power, although the minister has assured us his intentions were honourable and has tried to reassure us. Experience has shown that probably, officials will soon want to maximize the authority conferred under the bill. And we will most certainly go through another series of conflicts and duplications of process, often at the expense of the private sector.

I think my point is clear. I don't think further explanations would be useful, and in any case, others have argued the same point before the committee, including the Quebec Environment Minister.

As was pointed out by Senator Poitras, there are discrepancies between the English and French versions. Some of these are minor, but in several cases, there are discrepancies that would require amendments. These are not simply corrections to improve the wording. There are discrepancies that must be corrected by introducting amendments.

If I understood correctly, the minister promised these changes would be made some time this fall.

I hope that if the minister introduces amendments to harmonize both versions of the bill, he will also propose an amendment similar to the one suggested by Senator Beaudoin when the bill was considered in committee. The similar amendment would ensure that the bill would be limited, as I think it should be, to establishing a framework for environmental assessments in areas under federal jurisdiction.

I don't think an amendment of this kind could be considered contentious. I am afraid I disagree with the minister when he says that the slightest amendment an unbalance the entire bill so that it could not adopted.

Since I do not wish to delay the bill's adoption, as I do not wish to be misinterpreted as my colleague Senator Carney seems to have done, judging from a report in the media, it is certainly not my intention nor the intention of my colleagues to obstruct this bill.

Instead of voting against the bill on third reading, as I felt I must do, I would rather abstain, as will Senator Poitras and some of my colleagues. Thank you, honourable senators.

Hon. Eymard G. Corbin: Honourable senators, I think Senator Stewart would like to ask a question, so I will yield to the senator.

• (1230)

[*English*]

Hon. John B. Stewart: Would Senator Castonguay permit a question, please, for clarification?

Senator Castonguay: Certainly.

Senator Stewart: I thank the honourable senator for his willingness to do so.

I need some help. The honourable senator said that he would be in favour of an amendment to the bill—or if this bill is now enacted, to the act later on—to the effect that the act is to apply only to areas under the legislative jurisdiction of the Parliament of Canada. I should have thought that to be an absolute presupposition of all federal legislation. It hardly needs to be stated that if a provision goes beyond the legislative jurisdiction of the Parliament of Canada, insofar as it goes beyond it will be *ultra vires* the Parliament of Canada. In other words, the amendment would seem to be painting the lily.

I cannot believe that I understand correctly what Senator Castonguay has said. I must have misheard him. Will he help me on this point?

Senator Castonguay: I understand what you are saying, senator. I will try to explain, and possibly Senator Beaudoin, who introduced the amendment in the committee and who is a constitutionalist, may be allowed to intervene on this question.

My point is that there are areas that are clearly of federal jurisdiction. It is to these areas that the bill or the legislation should apply. It should not apply to areas of provincial jurisdiction by the mere fact that the federal government may be spending money on a project in order to make the evaluation. In other words, if a project comes under provincial jurisdiction, the provincial government should make the evaluation; if it comes under federal jurisdiction, the federal government should do so. The fact that the federal government spends money in connection with a project should not allow it to intervene if that project is under provincial jurisdiction.

There are obviously projects where the two governments will be involved jointly or have joint jurisdiction. That has happened in the past. That was explained in committee—the minister made this very clear that in these cases, the objective will be to agree on one evaluation instead of having the two governments act. This is what I meant. I hope that is clear.

• (1250)

Senator Stewart: In other words, if the amendment had been made there would be a limit on what the Government of Canada could do under this law in virtue of the constitutional spending power?

Senator Murray: No.

Senator Castonguay: I do not think this bill should limit the spending power of the federal government. However, it should clarify the application of the bill in cases where the federal government is spending some money.

Hon. Pat Carney: Honourable senators, I rise on a point of order. In his remarks, Senator Castonguay made reference to comments that I had allegedly made about his comments.

I strongly support this bill within the parameters that Senator Hays has laid out, and I strongly disagree with Senator Castonguay. However, I want to assure the chamber that I have never, in print or otherwise, commented publicly on Senator Castonguay's view. I may do so in the future, but I have not done so to this point.

Senator Molgat: He was just anticipating.

Senator Corbin: Honourable senators, I am rising to speak. However, if the Honourable Senator Spivak is rising to put a question, I will yield.

Senator Spivak: I, too, wish to speak but I will yield to the Honourable Senator Corbin and speak after he does.

Senator Corbin: I should like to speak now because His Honour the Speaker has recognized me, according to the new rules.

I wish to speak in English before I get under way. I have in my hand a document which contains the list of errors, misprints and inconsistencies that have been identified in the text of the bill that is before us, and which was the object of a motion in the committee to the effect that the committee adopt the recommendations for modifications to the bill. Unfortunately, the motion was defeated.

This document is dated June 8, 1992 and it is stamped "secret". I do not know how it got into the hands—

Senator Murray: Arrest that man!

Senator Corbin: No one can arrest me in this house. I enjoy parliamentary privilege.

I suppose the document came into our hands because of the fact that at some point in time it ceased to be a secret, but someone forget to erase the stamp. The members of the committee were well aware of these comments and proposals. However, the motion was defeated.

There is one note that I would like to read because I consider it very important. Many people do not understand the manner in which laws are drafted at the federal level in the Department of Justice. Note 1 on this document states:

> The French version is not meant to be a translation of the English version, but rather a stand-alone version in its own right. Consequently, one can expect some variation between the two versions, provided they capture the same meaning and convey the same idea.

That is a very important statement. I believe that it has yet to sink into the minds of many people in this place that the

French text of proposed legislation, of bills, is not strictly a translation of the English. Neither is the English strictly a translation of the French in cases where the draft bill has been originally drafted in French. They stand in their own right on their own merit.

Therefore, I find offensive the suggestion that we can pass the bill even with the defects, most of which seem to appear in the French text. I find it doubly offensive in view of the statement I have quoted, and in view of the fact that we have an Official Languages Act in this country.

I also find it offensive for another reason. This second chamber has the role, the mandate, the duty to revise, to re-examine, to reflect on and, if need be, amend legislation which comes to us from the other place. It is rather astonishing that this bill arrived here in such a defective form, either in the English or in the French version. There are defects in both texts, some of which are not simply typing, spelling or syntactical errors. They are fundamental flaws.

In some instances, the French version and the English version are not the same as to meaning. Although there are other examples I could point to in support of what I advocate, let me refer you to this one instance. I am reading from this "secret" document.

Pertaining to the five-year review, clause 72(1) of the French version refers to "Committee of the House" and the English version refers to "the Minister". That is quite a distinction. Is it the minister or is it a committee of the house that is concerned here? Is it Parliament or the minister, solely and singly, who will keep counsel for himself, and will parliamentarians have an opportunity to voice their views?

I find it totally unacceptable to allow that type of fundamental discrepancy to be printed in a bill which His Excellency the Governor General, or his representative, will be asked to sanction today.

It is also unacceptable for another reason, and here I speak of all of the suggested proposals for amendment: The province of Quebec, in particular, has expressed strong reservations about—

[*Translation*]

— the substance of the bill, the purpose of the bill.

If there is one province for which we should pass laws in French for them to use and understand, if we really want their cooperation, I think we should have a French text that is completely free of flaws.

I am really ashamed that the Senate does such a thing; indeed, that Parliament tolerates such a situation! Either we have self-respect as French-speakers or we do not! The Province of Quebec is respected or it is not! The Official Languages Act of the federal government and of the Province of New Brunswick is respected or it is not! This is not the first time.

[Senator Corbin.]

Why must we French-speakers again have to put up with texts that contain mistakes? It is offensive! I am indignant that people take it for granted that we will always approve defective texts.

I have no major problems with the objectives of the bill. That is not what I want to discuss today. I come back, as I have many times in the past, to the quality of French texts, bills and legislation that's all.

Honourable senators, I believe that the committee erred by refusing to include the proposed amendments made when the bill was being considered in committee. I think that was a mistake.

I think that we should not miss the opportunity to return this bill with amendments to the House of Commons to show the members there the pile of mistakes that they let slip through in this bill. We must wonder whether they did a serious job or not.

Did the representatives of the French-speaking community in the House of Commons do their job? Did they avoid doing it? I really wonder.

An elected Upper House is proposed! If members in the other place do not have time to deal with the defects in the French version of legislation, do you think that elected senators will have more time? Where will they find the time?

I am also shocked (this is not a personal attack) that the minister of that department (whom I will not name) agreed to approve bills in such condition.

However, I accept that he promised the committee (twice, we are told) to introduce a bill in the fall to correct these errors, inconsistencies and contradictions between the two versions.

I think that we senators should have done so ourselves as members of the House that reviews legislation; we should have done so with full knowledge. I regret very much that we did not and I feel embarrassed about it.

Thank you, honourable senators.

[*English*]

Debate suspended.

BUSINESS OF THE SENATE

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, in view of the hour I propose that we suspend the sitting until 2 o'clock, when we shall return and have tributes to Senator Leblanc, as agreed. Then there are a couple of minor items. There is a report which a committee chairman wishes to table, and there is a motion which I intend to put.

Hon. Royce Frith (Leader of the Opposition): Before we continue with Bill C-13?

Senator Lynch-Staunton: Yes, just to get them out of the way.

Senator Frith: Will you tell my colleague Senator Molgat what that means, please?

Senator Lynch-Staunton: It is to allow the draft regulations under Bill C-81 to go a committee of the Senate. It is a requirement of the law and we should do that today.

Senator Frith: Definitely, but I do not think we should do it before we finish with Bill C-13.

Senator Lynch-Staunton: I thought I would get it on board. I am in everyone's hands.

Senator Frith: In any event, you and Senator Molgat can work it out.

The sitting of the Senate was suspended.

[*Translation*]

At 2 p.m. the sitting of the Senate resumed.

CANADIAN ENVIRONMENTAL ASSESSMENT BILL

THIRD READING—DEBATE SUSPENDED

Hon. Thérèse Lavoie-Roux: Honourable senators, I will only take a few moments to express my reservations, as did some of my colleagues, concerning Bill C-13.

You will remember that I had done so on April 8 in this very Chamber. Today as then, I agree with the principle of the bill. I think that no one in this chamber would disagree with a bill which attempts to correct a major flaw, the lack of legislation on the environment.

I then alluded to the possibility of federal encroachment on areas of provincial jurisdiction. The bill was indeed referred to a parliamentary committee in order to hear various opinions and to try to solve this contentious issue which seems to me all the more important in today's context as we discuss the new distribution of powers between both levels of government.

It would seem that we are having a hard time remembering the lessons of the past. We know full well that a great number of problems we are confronted with today in the Constitutional debate originate in this overlapping of responsibilities regardless of the jurisdiction of each level of government.

Two problems arise from this bill. The first one was alluded to by Senator Corbin and other colleagues on this side of the Chamber. It relates to the discrepancies between the French version of the bill and the English one.

There are about 30 mistakes, the vast majority of which are rather minor except for two. I must tell you that my concerns are shared by others, and in particular by Senator Chaput-Rolland who, as you know masters the French language much better than I do. One cannot but wonder how, after so many years of bilingualism in federal institutions, one can still find such mistakes, not typographical mistakes but really mistakes that could have far-reaching consequences.

In this regard, we got assurances that there is a process, a mechanism, to correct such things and I am convinced that it will be done. The second problem concerns section 5 of this bill which allows the federal government to encroach on areas of provincial jurisdiction.

First, I want to take this opportunity to thank senator Beaudoin who tried, with an amendment tabled in committee, to find a bench mark which seemed to me to be rather simple and easy, namely that the provisions of section 5 should apply regarding provincial jurisdictions. The result was not what some of us from this side had hoped for.

In the circumstances, not only is there a principle at stake with the issue of possible intrusion, but I also fear that, on a practical level, the federal government is not creating problems that it could avoid if the Act was amended in the way suggested by senator Beaudoin.

Many of us here who have been involved at the provincial level know that very often, problems originate from these grey areas or this confusion in the division of powers. I would say that up to a point, because we should not exagerate, I was a victim of that confusion in the field of health and social services. I imagine that the same thing could happen in this case; moreover, knowing human nature and the tendancy to challenge governmental decisions, whether those decisions are made by a provincial or federal government, it is very easy to imagine that some lobby, industry or individual unhappy with a decision made at a certain level could ask the other level to intervene.

So, I regret that these changes were not made. I do hope that in this difficult constitutional context, this will not be yet another opportunity to make demands, often for political purposes or purely partisan motives. In spite of it all, this important bill for the environment will certainly be passed.

I would like to conclude with one last comment. I have always regretted, and I have never had the opportunity to say it until now, that some Quebec ministers have deemed appropriate to avoid taking part in any discussions on issueks that could have important consequences. It is true that the Quebec Minister of Environment appeared before the Senate Committee, but it may have been a bit late to convince his counterparts from the other provinces and get their support. I make a distinction between a minister and the leader of the government in Quebec who is obviously in a very different political arena.

In concluding, I once again express my regrets that senator Beaudoin's amendment could not be adopted, knowing full well that it would not be adopted today either. I will decide what I will do when the time comes to vote. In the last two months, I have consistently expressed reservations concerning some aspects of this bill.

[*English*]

On motion of Senator Lynch-Staunton, debate suspended.

DISTINGUISHED VISITOR IN GALLERY

THE HONOURABLE JOHN BURDETT

The Hon. the Speaker: Honourable senators, I should like to draw your attention to the presence in the gallery of the Honourable John Burdett, Member of the Legislative Council of the South Australia Parliament and a member of the Legislative Review Committee of this Parliament.

[*Translation*]

THE HONOURABLE FERNAND-E. LEBLANC

TRIBUTES

Hon. Royce Frith (Leader of the Opposition): Honourable senators, on July 1 of this year, when we celebrate the 125th anniversary of Canada, we will also celebrate the 75th birthday of Senator Fernand Leblanc.

However, in this day of celebration, we will experience some sadness because our dear friend, Senator Leblanc, will no longer sit in this House.

Senator Leblanc was born in Montreal in 1917. He studied at the *Collège de Montréal* and then at the *Université de Montréal* where he graduated as an accountant and got a B.A. in Science.

Senator Leblanc has been a prominent figure in the political arena for more than half a century. He was president of the Young Liberals as well as of the Liberal Association of Montréal-Mercier in 1939. The federal riding of Laurier benefited from his skills as an organizer during the 1953, 1957, 1958, 1962 and 1963 election campaigns.

He won five out of five. A perfect record. In baseball they would say: " he batted one thousand". If there had been a Fernand Leblanc in each riding in Canada, there would be no representation of Prime Minister Diefenbaker on Parliament Hill, giving this sullen look to Liberals when they approach Centre Block.

[*English*]

At age 43, Fernand Leblanc began his service as a public official when, in 1960, he was elected as city councillor at St. Hippolyte-Terrebonne. A by-election in 1964 sent Mr. Leblanc to the House of Commons. He was re-elected in the general election in 1965. In the House of Commons he was a member of committees dealing with housing, urban development and public works, immigration, Indian affairs and human rights, and citizenship, and quickly made a name for himself as a conscientious and hard worker.

On March 28, 1979, Fernand Leblanc became a senator after Prime Minister Pierre Trudeau recommended that he be summoned to the Senate. While his most famous service here has been as chairman of the Standing Senate Committee on National Finance, he has been an attentive, dutiful and effective senator and a parliamentarian meriting praise, thanks and affection from all Canadians who know or have met him.

It is unfortunate that Senator Leblanc will not be available to us as the debate on the Constitution continues, particularly if the government decides to avail itself of the opportunity provided in Bill C-81 to hold a referendum. Senator Leblanc was the head of the "no" committee in the provincial riding of Mercier during the Quebec referendum in 1980. No doubt his reflections and advice would have been helpful here this time round; and I am sure they will be welcomed from outside the chamber.

In closing, I wish to quote from a statement Senator Leblanc made when he was called to the Senate. This quotation is from the *Debates of the Senate* of April 24, 1980.

[*Translation*]

> Honourable senators, the honour that is bestowed upon me also carries with it enormous responsibilities of which I am acutely aware. I will certainly make all the necessary efforts, not only to feel at home and familiarize myself with the very important work done in this House, but also to try to reach the level of competence of my predecessors and colleagues.

[*English*]

Honourable senators, today we pay tribute with our praise and thanks for Senator Leblanc's admirable fulfilment of that promise.

Hon. Senators: Hear, hear!

[*Translation*]

Hon. Lowell Murray (Leader of the Government in the Senate): Honourable senators, as the Leader of the Opposition pointed out, next Wednesday, Canada Day, our friend and colleague, the honourable Fernand Leblanc, will celebrate his 75th birthday.

This means the end of a 28-year parliamentary career, which started with the by-election on February 10, 1964 in Montreal—Laurier, where Fernand Leblanc proudly defended the banner of the Liberal Party of Canada, led by Prime Minister Lester B. Pearson.

During his 14 years in the House of Commons, he won the respect of Prime Ministers Pearson and Trudeau, by whom he was appointed chairman of a number of parliamentary committees and also parliamentary secretary.

He also won the confidence of his constituents who re-elected him in four general elections. However, during his 14 years in the Senate, I always felt that Fernand Leblanc was better suited to the non-partisan traditions and constructive atmosphere of this House than the adversarial climate that

prevails almost constantly in the other place. TheseHis personal and professional qualifications made him a model senator. He shared with us his considerable expertise in the accounting field as a member of the Senate Standing Committee on National Finance. He became chairman of the committee in 1984, after being Deputy Chairman for several years under his predecessors, Senators Everett and Doody.

As chairman of the National Finance Committee, which has a very busy schedule, he decided to make a careful study of the Estimates, a rather boring subject for the uninitiated but extremely important for Parliament and the country.

As you may have noticed, honourable senators, he had an abiding concern for matters dealing with the evaluation of government programs. All members of his committee agree that Senator Leblanc always tried to reach the broadest possible consensus. He is truly a real player. He always chaired the National Finance Committee in such a way that partisan considerations always bowed to the professionalism of its members, a professionalism that found its ultimate expression in its Chairman, Senator Leblanc.

To the very last he stood firm against attempts by a number of our colleagues, including our friend, Senator Simard, to indulge in partisan remarks. I think this is wonderful, and Senator Leblanc is to be commended for his patience.

For his tremendous dedication to the finances of this country, he deserves the sincere thanks of Canadians and all his colleagues. We are delighted to have among us a colleague who is so respected, both as a parliamentarian and as a Canadian. We wish him good health, good luck and au revoir.

Hon. Louis J. Robichaud: Honourable senators, very briefly, I would like to say that the first time I met Senator Fernand Leblanc, I had the impression of meeting tranquillity personified. That impression has not changed. Now, many years later, I am definitely convinced that Senator Leblanc, not Roméo, personifies tranquillity.

After many years in politics, one would think tranquillity is something that would be hard to maintain as a former politician. However, Senator Fernand Leblanc has managed to overcome tremendous obstacles while remaining excessively tranquil.

It is unfortunate that because of the laws of this country, we are to lose a senator of the calibre of Fernand Leblanc. We are certainly not losing him because of the laws of human nature, because he got married for the second time in April. The senator's human nature is still alive and well!

I must say I will miss Senator Leblanc, not just because he has the office next to mine, or because our assistants—some people call them secretaries but we called them assistants—are great friends, but because we are very good neighbours and have become good friends.

I will miss Senator Leblanc, and I am sure he will be missed by other senators as well. I am sure the country will miss him, because Fernand Leblanc, a Quebecer and Montrealer, is a great federalist. If he could vote for the unity of this country 6 million times over, he would do so.

I wish him a happy retirement with his wife Claire. I also hope he will be able to travel as often as he does now, because he enjoys travelling.

Not long ago he was in Paris, France, and in April he was in Hawaii for his second honeymoon. He is very fond of travelling, and I hope he will be able to travel for a long time.

I wish him good health and bon voyage.

Hon. Roch Bolduc: Honourable senators, as Deputy Chairman of the Standing Senate Committee on National Finance, I would also like to pay a tribute to the professionalism of our eminent Chairman, Senator Leblanc, who has controlled the operations of our committee very skillfully since 1984.

Not only does he have an intimate knowledge of our country's finances, parliamentary procedures and the organisation of our Committee on National Finance, he also knows the programs very well. Under his leadership, our committee produced some excellent reports on the Canadian public administration.

I would like to name a few, but there were many more which I will not mention. There were, among others, reports on comprehensive auditing, which is, as you know, the modern term for what we used to call simply audit.

Our committee also prepared a very interesting paper, thanks to the driving force of Senator Stewart, a report on the Royal Recommendation.

Under the chairmanship of Senator Leblanc, we also produced a document, which I consider important, on program assessment within the federal administration. And finally, we are preparing a report on Public Service 2000 to which Senator Leblanc also contributed a great deal of his time.

I would like to thank Senator Leblanc not only for his professionalism, but also for his remarkable objectivity. As another honourable senator said, senator Leblanc treated each member very equitably, including Senator Simard who is, I must admit, a very devoted colleague in this committee.

On behalf of all the members of the Standing Senate Committee on National Finance as well as myself, I would like to wish Senator Leblanc the best of all retirements, excellent health and time to enjoy happy moments with his wife.

Hon. Maurice Riel: Honourable senators, Fernand Leblanc grew up on the Plateau Mont-Royal in Montreal and this means something for Montrealers. It is a small neighbourhood stretching from Mont-Royal Street to St-Joseph Boulevard and from St-Denis to De Lorimier, with a park in its centre, the Lafontaine park.

Since before the war and when we were in school, in Montreal we would recognize each other according to the French Canadian Catholic parish to which we belonged, let me say, that in that small territory, we could find St-Stanislas de Kotska, St-Pierre Claver, l'Immaculée Conception, the Très Saint

Sacrement, St-Louis de France to name but a few, since religion was still strong in those days.

As far as population was concerned, it was a totally French-canadian area, as much so as the Lac St-Jean region is nowadays. In those days, Camilien Houde was still mayor of the city; he remained so until 1940, and came back in 1945 after a "holiday" for the duration. On June 24, we used to celebrate the St-Jean, the biggest event of the summer. Decorated floats would parade between the firemen's bands and the bands from all the schools, including St-Arsène Orphenage and St-Stanislas where Fernand Leblanc attended school.

Those were good times. We were young, the Crash still clouded our economy, we were poor but happy. I lived on Parc Lafontaine and I visited friends on Fabre, Garnier, Papineau, Christophe-Colomb and De Lorimier streets.

Fernand Leblanc was a local kid and in this environment where he only had friends, he got involved in politics at a very early age and became active with the Young Liberals even before the War.

At the federal level, it was the Mackenzie King and Adélard Godbout was provincial premier. During the War, Mr. Godbout granted Quebec women the right to vote and created Quebec Hydro, in 1944, by nationalizing several utilities in the Montreal area; they were Montreal Light, Heat and Power, Beauharnais Power and a few others; later the Lesage administration extended this nationalization throughout Quebec after the 1962 elections.

Fernand Leblanc, as a member of the Young Liberals, and president for his riding, supported these program elements of the provincial Liberal Party just as he had supported the efforts of the King administration during the war and later, those of Mr. St. Laurent's government.

In those days, the country was united and content, Mr. King would amend the Constitution through a simple exchange of letters with the provincial Premiers, if not just by phone.

The dark years were to come. Mr. Duplessis came back to power in 1944 and those years between 1944 and 1960 were long years (too short for some, but too long for others). Sixteen lost years. But being in the Opposition has its merits.

In 1951, the Quebec Liberals elected as their Leader Georges Lapalme, a man of thoughts, and during these trying years under Duplessis who lacked neither finesse nor imagination nor know-how, he was put to the test. Nevertheless, we never ceased to encourage our Leader and it is during that time that George Lapalme, a solitary philosopher, conceived the agenda for the Quiet Revolution which he handed down to Jean Lesage in 1959, together with an organised party. The Father of the Quiet Revolution, the one and only, is Georges Lapalme; the others came after the 1960 victory; René Lévesque and Gérard Pelletier recognized it publicly and paid tribute to him when he died.

[Senator Riel.]

Fernand Leblanc stood by during all these years and without his support and faithfulness, and that of countless others like him, for his leader and for the Quiet Revolution agenda , it would never have been come about. Again in 1962, during the elections on the second wave of nationalizations of power utilities, Fernand Leblanc was behind Lesage, Lapalme and Lévesque while we were on the verge of losing the elections because of an outrageous increase in school taxes in 1961 (between 500 and 1 000 per cent) due to changes brought about too hastily by theoreticians and other academics who had joined the government bureaucracy after the 1960 elections.

All this to tell you that, as a personal witness of those days and as a member of the Lapalme team since 1951 when I was elected president of the Quebec Young Liberals while Georges Lapalme was party leader, Fernand Leblanc really became, through his support, a true and tried father of the Quiet Revolution, if there was one besides Georges Lapalme.

I am not saying that I have the authority to grant paternity certificates for the revolution but, since I was there, I know who was there and who was not. It has become fashionable to say or to convince oneself that one was there at the right time, but as is always the case during a war, there are those who fight and those who win and they are not always the same ones.

That is why I want to pay this tribute to Fernand Leblanc by recognizing his fidelity, his unfailing support, when they were necessary but unpopular.

I only refer to the distant past, to the years before Fernand Leblanc came to Ottawa. Because others spoke about that time, I will not talk about the well-known Pearson and Trudeau years. I want to especially pay homage to the long and ever-lasting devotion of this son of the plateau Mont-Royal for his country and his province.

Last Sunday, I read the review of a biography of Harry Truman in the literary supplement of the *New York Times*; the writer quoted from the book this sentence on Harry Truman which I apply to Fernand Leblanc:

[*English*]

> Truman held to the old guidelines: Work hard. Do your best. Speak the truth. Assume no airs. Trust in God. Have no fear.

[*Translation*]

And I can say Senator Leblanc also lived by those rules. It reminds me of a British poet from the turn of the century who said:

[*English*]

> For when the One Great Scorer comes to write against your name, He marks—not that you won or lost—but how you played the game.

I can vouch that Fernand Leblanc played the game.

Hon. Raymond Perrault: Honourable senators, day after day, we are informed by the media and the pollsters that politicians and politics are held in very low esteem by the public. Yet those of us who work in this imperfect system are deeply aware of the fact that there are many, many people of all parties working constructively to help build a better Canada, a better society. Fern Leblanc is one of these. I join in the generous and well deserved tributes which have been paid to him this afternoon.

As a British Columbian, I thank him particularly for his deep and abiding interest in all of Canada, from coast to coast to coast and from sea to sea to shining sea; for his unfailing interest in problem solving, not just in the region of his origin, but in the Atlantic provinces, in the north, in the prairies, indeed, in all of western Canada; for his unfailing interest in building a better country; for his work to help us solve problems, not only in our regions but for his work here in the Senate.

Fern Leblanc has always been a constructive influence here in the chamber and in his committee work: Patient and long-suffering when required. He has been invariably tolerant and, always, he has brought to his work a great sense of humour. May I join, then, with others in the eloquent tributes they have paid to Fern Leblanc. I join with all senators in wishing him a very happy and enjoyable and certainly a productive retirement.

Hon. Lorna Marsden: Honourable senators, both Senator Stewart and I are members of the Standing Senate Committee on National Finance; we have conspired together and I am speaking for both of us when I add to the tributes being paid to Senator Leblanc this afternoon.

The finance committee may be one of the most interesting committees in the Senate, but it is certainly, in my experience, the very best organized and best run. Much of the credit for that must go to Senator Leblanc, aided by the Clerk of the Committee, John Demarais, whom I see in the Gallery, and the excellent researchers the committee has had during my time, Jeff Greenberg and Ted Ketchum.

The committee has done a great deal of good work in the years that I have been here, beginning with the sub-committee on the financing of post-secondary education—a complicated matter which is still under consideration in the country and to the debate of which I am sure the committee report will add a great deal, and continuing to other reports which have been mentioned here earlier.

In addition to work on special reports, however, that committee has made the Estimates and the Budgets some of the most exciting work going on. That is not an easy matter. It is largely because of Senator Leblanc's exemplary management of the committee, his orderly mind, and his very generous nature and attitude to all members of the committee. He has continued and expanded the fine reputation of the Standing Senate Committee on National Finance.

We are all very grateful to him, indeed, and wish him many years of happiness and a long and healthy retirement.

[*Translation*]

Hon. Mario Beaulieu: Honourable senators, when I was appointed to the Senate two years ago, some of my friends opposite said hello Mario, welcome to the Senate, and I imagine they included Senators Riel, Pierre De Bané, Hébert and especially Senator Leblanc.

I wish to salute an old friend. We did business together. We worked on projects more than 30 years ago, in 1963 and 1964. I always had fond memories of Fernand Leblanc who was a great Montrealer and gave up his seat for Mr. Chevrier in 1967-68, if I am not mistaken. He was a diligent and regular worker in the Senate, who stayed on the sidelines.

I want to salute a great Montrealer before he leaves us.

Hon. Fernand-E. Leblanc: Honourable senators, excuse me for being somewhat slow to rise in my seat. I thought there might be other senators who wished to add to these tributes!

I would like to start by thanking the previous speakers for their kind words of praise. I think that from time to time they may have been slightly exaggerated, but in any case, I enjoyed it all and I am starting to feel rather satisfied with myself!

As you will find out later on, after 28 years in an institution like Parliament, it is not easy to cut the ties that bind.

Personally, I feel torn between the pleasures of complete freedom from all the constraints of political life and a certain reluctance to have all this freedom. What am I going to do with it? Of course it will all depend on my state of health. One thing is certain: I am sure I will miss this place.

I am proud of having served Quebec and Canada, especially in 1980 when as Senator Frith mentioned, I was the only senator to chair a «no» committee and win the riding of Mercier, although the provincial member was a fervent separatist.

I am also proud of having served Quebec and Canada for 15 years in the House of Commons as the member for Laurier, following, with great difficulty, in the footsteps of that great Liberal, Lionel Chevrier.

I am also proud of having served Quebec and Canada for 13 years in the Senate, following in the footsteps of my father-in-law, Senator J. Eugène Lefrançois, who remained in the Senate longer than I did.

I said I was proud of having served my province and my country. I would like to add that it was also a very great honour.

I would now like to say a few words on two issues that I really care about. The first concerns this continual struggle against the gradual erosion of Parliament's prerogatives. This may not be the right time to talk about it with you, but you will agree that it may be one of the few opportunities I have left to do so.

As Chairman of the Committee on National Finance, I of course consider the opinions expressed by my colleagues from all parties, Senators Stewart, Marsden, Bolduc and Kinsella, and all other members of the committee who, each in their own way, remind witnesses of the need to respect the rights of Parliament. I am not talking about the rights of parliamentarians here, but the rights of Parliament as an institution.

Over the years, I have noted the opinions expressed by those senators and all others members of the committee and I added my own voice to those who defend Parliament's right to know, that is, to be informed openly and to be informed by officials who appear before committees. In return, the committees have the obligation to report openly to Canadians through the Senate. This openness, or "transparency", as it is now called, must constantly be defended.

The second point that I want to make overlaps with the first. It concerns the nature of the work done by Senate committees in general and the National Finance Committee in particular.

Indeed, the nature of this work has been changing since the National Finance Committee was created 73 years ago. You see, it is almost as old as I am, 73!

Today, the committee examines bills on various subjects: the government's borrowing authority, salary restrictions in the public sector, fiscal arrangements with the provinces, the organization of the federal public service and financial assistance to the regions, to name only a few.

However, this evolution has not always been smooth. In the case of the National Finance Committee, it has been gradual. In the past 20 years, the committee has been able to show that a review of the government's spending estimates is more useful if it covers all spending and how it is presented rather than a detailed analysis of the departments' intentions.

[*English*]

During the last five years, the National Finance Committee has even further modified its approach to the study of the Estimates. It has done this by moving away from what I call those "blockbuster" reports that took the best part of three years to produce—for example, "Federal Policy on Post-Secondary Education"—to studies which could be encompassed in one fiscal year: "Comprehensive Auditing, 1988"; "The Matching Grants Program, 1988"; "The Form and Use of the Royal Recommendation, 1990"; "The Program Evaluation System, 1991"; and soon, I hope, a report on the implementation of PS 2000.

[*Translation*]

As regards the committee report following the tabling of the White Paper on the Public Service, it seems impossible to me to publish it before July 1st, date on which I will be leaving, although a draft is presently under consideration in committee.

It has been a pleasure and an honour for me to have served in what was often referred to—quite rightly—as an unreformed and unrepentant Senate. I wish you all success and good health. Over the months and years to come, I plan to be spending more time with my wife, two sons, three grandchildren and many friends.

[Senator Leblanc.]

Some Hon. members: Hear, Hear!

CANADIAN ENVIRONMENTAL ASSESSMENT BILL

THIRD READING —MOTION IN AMENDMENT—DIVISION DEFERRED

Leave having been given to revert to Order No. 6:

Resuming third reading debate on bill C-13, An Act to establish a federal environmental assessment process.

Hon. Philippe Deane Gigantès: Honourable senators, I rise because the comments Senator Lavoie-Roux made reminded me of a few things that we, as Canadians, Quebecers and citizens of any Canadian province, might as well forget about and stop bringing up, because they are unavoidable.

Senator Lavoie-Roux talked about overlapping. It is impossible not to have overlapping. I mentioned in a previous speech the case of this project for the operation of a power station in New-Brunswick, the toxic wastes from which will fall on Quebec. That is overlapping, caused by the wind. There will always be some overlapping. So, all these unavoidable things must be taken into consideration?

Naturally, it is also unavoidable that there will be a federal deputy minister who will tell his minister: "Just look at blokes, at the provincial level. They have no national outlook." And there will be a provincial deputy minister who will tell his minister: "What do they know in Ottawa? They do not understand our province!" That kind of thing is unavoidable. It happens all the time, even in countries with a single government. We should overlook this in our discussion of Bill C-13.

I agree with Senator Lavoie-Roux that several concerns Quebec has about this bill are legitimate, but not on the basis that overlapping is avoidable. It is not!

I would also want to address a typically governmental view Senator Lavoie-Roux has expressed, that is to say that if there is overlapping, if there are two levels of government one can deal with, then there is some loss of government control. I certainly hope so! Pardon me, Senator Lavoie-Roux, but that is exactly how the minister and his senior officials feel: "How can this individual dare attempt to get away from my grip by dealing with another level of government?" This applies to both levels of government. They both have this attitude. It should be overlooked.

Above all, I want to associate myself with what Senator Lavoie-Roux said about the lack of conformity of both versions of the bill.

That cannot be overlooked. It is really irritating, especially when we are told that the good version, theoretically, is the English one.

Hon. Jean-Maurice Simard: Nobody said that!

Senator Gigantès: Nobody? Well, even more so if you mean that the French version is the one that is correct. Just switch the image around then. If the good version is the French one, don't we give a damn about the English-speaking majority? And conversely, if the good version is the English version, don't we give a damn about the French-speaking minority? It is infuriating, especially when we are dealing with such an important issue, an issue with such an impact on the future of this country.

I do not see how we could examine this bill when we don't know which of the two versions is the most reliable one. We can go to court and ask the court to rule that both versions are equally valid.

I think the subject is too important to consider adopting this bill before dealing with these discrepancies.

Thank you, honourable senators.

Hon. Gérald-A. Beaudoin: Honourable senators, I would like to comment briefly on Bill C-13.

I had the pleasure of attending all the committee sittings. We heard witnesses, and I want to make it quite clear that they did not all agree on the matter of the scope of this bill.

I would like to say, first of all, that we are all in favour of protecting the environment. Of course the Supreme Court, and this was said repeatedly before the committee, made it abundantly clear in three landmark decisions that the provinces and the federal government had the legislative jurisdiction to pass legislation to protect the environment. This jurisdiction is based on their ancillary power.

I, for one, am delighted that the federal government has decided to intervene in this area, and I hope the provinces —Quebec has done so already and some other provinces as well —will also intervene in this area. I think it is extremely important.

I know, and Senator Castonguay and others have said as much, that this is all happening at a time when we are considering constitutional reform. My colleagues, Senators Poitras, Lavoie-Roux and others, say this is happening at a time when we are talking about spending power.

I want to make it clear that Quebecers and Canadians in general feel that the constitutional talks at the inter-ministerial level must settle, once and for all, the thorny issue of federal spending power. Some excellent proposals have been made to set the parameters of tomorrow's spending power, and I hope that an agreement will soon be reached at that level.

I also wanted to comment on the matter of the French wording, and I am thinking of the concerns of Senator Corbin and Senator Gigantès as well as our own. Previous speakers raised a number of discrepancies between the French and English versions. We all agree this is totally unacceptable.

Both official languages are on the same footing. It seems to me that after 125 years of federalism and bilingualism, we could have come up with something better than the product we have before us today.

Fortunately, these discrepancies can be corrected. At least, the minister has promised he would introduce legislation some time this fall to deal with a situation that is totally unacceptable.

I understand the concerns of previous speakers, and I endorse the principle of what they said.

On Friday and Monday in Committee, I proposed an amendment that was defeated by one vote. My concern was as follows: I know that in various parts of Canada, including Quebec, the division of powers is a fundamental issue. I think it would be appropriate to stress that each legislature and the Parliament of Canada should respect the legislative jurisdictions provided under the Constitution.

I know these concerns are strictly a matter for discussion. I did what I thought I had to do, considering the concerns in my province about the division of powers.

I know that we all want this bill to be passed as soon as possible. However, as Senator Poitras mentioned, I think some colleagues will abstain.

I endorse this position. While I support the federal government's intervening in an area as crucial and important as the environment, I am very concerned about the division of legislative jurisdictions.

This was a brief explanation of my position in committee yesterday and the approach we have taken today.

Thank you.

• (1450)

[*English*]

Hon. Mira Spivak: Honourable senators, I rise to support the speedy passage of Bill C-13. As Senator Hays suggested, it seems so long since this morning.

The process that led to the drafting of this bill began five years ago with nation-wide public consultations about the state of environmental assessment law in Canada. From those consultations, it was clear that Canadians wanted strong environmental assessment at the federal level.

In response to these public expectations, in the course of the 1988 election campaign, the government committed itself to introducing legislative environmental assessment in its next mandate. Indeed, this commitment to environmental assessment was a major plank in the government's re-election platform and was reconfirmed by the Prime Minister himself on many occasions.

It is important to recognize the importance the government has accorded this piece of legislation. It is not housekeeping; it is not incidental. It is fundamental to the government's record, not only on the environment, but on government itself.

Honourable senators, I want to compliment the Minister of the Environment, Jean Charest, for the manner in which he

has brought this legislation to fruition, and I particularly want to compliment his Parliamentary Secretary, the Honourable Lee Clarke, for the pivotal role he played, and the unusual manner in which two environmental lawyers, Brian Pannell and William Andrews, contributed to this legislation by assisting at the clause-by-clause stage. Brian Pannell is from my province, and I must admit that I availed myself of his advice on the legal issues of this environmental legislation.

• (1500)

I will try to keep my remarks as condensed as possible, because I understand I am the last in a long line of speakers. However, there are some important issues to bring forward.

The process of drafting the reformed legislation was not a smooth one. The current Environmental Assessment and Review Process, the EARP Guidelines, originally promulgated in 1984, became the subject of numerous court decisions. As the case law developed from *Rafferty-Alameda* to *Oldman* to *Kemano*, it became clear that the current guidelines were binding and had the force of law. Some vagueness in the wording of these guidelines led to a series of judgments against federal ministers who were found to have violated their own laws. Pressure increased to reform environmental assessment, not only from the environmental community, but from the subjects of environmental reviews, and the provinces, that found the court interpretations of the EARP Guidelines unacceptable. The province of Alberta took the matter all the way to the Supreme Court of Canada, and all the while the new legislation was making its way through the house.

The period of time since a reform of environmental assessment was first proposed, including our debate on Bill C-13 today, has been a period of cavalier disregard for environmental assessment law in Canada. The reason the federal government has been the subject of unprecedented judicial review is that the public desperately needed the federal government to fulfil its obligations to environmental assessment. That desperation was the direct result, I would contend, of the environmental insensitivity of provincial governments.

The inadequacy of provincial environmental assessment and the thwarting of their objectives when pet megaprojects of the provincial governments were threatened, is an underlying motif of this entire debate, and I should like to address a few remarks to that theme.

It is important to detail the context within which this legislation is proposed. It is not only the constitutional issue that is under debate here, although the context touches upon that issue. Canada was hailed as a leader among nations at the recent Rio Conference in pushing for codification of national environmental conventions and, rightly so, it was a stirring role. Yet, from sea to shining sea the Canadian landscape is littered with examples of laws that have been more honoured in the breach than in the observance, laws which are the instrument of enforcement for sustainable development. It is hoped that Bill C-13 will change that landscape.

[Senator Spivak.]

I would like to mention a few of these examples, some of which occurred some time ago, and some more recently.

In Ontario, the provincial environmental regime is viewed as more sophisticated than that in most other provinces. Still, it must be remembered that perhaps the most flagrant abuse of environmental process occurred in that province. I refer to the decision of the provincial government of the time to exempt the world's largest nuclear installation from any public environmental review. Now, years later, the Darlington facility is nearly completed, billion of dollars over budget and, according to the Atomic Energy Control Board, non-functional. Ontario taxpayers will have to pay billions of dollars as a result of that decision.

In the neighbouring province, my own province of Manitoba, several projects have received special treatment from provincial governments. The decision to cede one-fifth of the province to the large pulp and paper company, Repap, and to allow the expansion of the Pas pulp mills, received only rudimentary review until the Rafferty-Alameda court decisions forced the government into more comprehensive hearings.

In another high profile instance, environmental groups are still protesting the federal government's refusal to hold a federal environmental review. Ironically, the project in question is the headquarters of a major conservation organization, Ducks Unlimited. In what can only be seen as a bizarre contradiction, Ducks Unlimited decided to build its office on a protected Ramsar wetlands site, the Oak Hammock Marsh. In order to accommodate Ducks Unlimited, the provincial government amended its wetland protection legislation to allow construction. Despite setting this dangerous precedent, the project has not been subjected to federal review, even though, in my view, it clearly impacts on the federal government's responsibility for migratory birds and our treaty obligations under the Ramsar Convention.

Two groups, Conservation Canada and the Canadian Environmental Defence Fund, have announced they will go to court to force the federal government to subject the Ducks Unlimited project to an environmental review. However, the building is almost finished, despite objections from prestigious international organizations.

The history of the Rafferty-Alameda dam and the Oldman River dam in this environmental assessment program is well known and does not have to be detailed. However, it is germane to look at the federal review panel report on the Oldman River dam which was issued in May of this year. Its first and virtually unanimous recommendation was that this dam should be decommissioned. It was found that the Oldman River dam project was unacceptable on environmental, social and economic grounds. Federal ministers, however, rejected the strong recommendation that the dam be decommissioned. The panel's further recommendation also called for negotiations with the Peigan Nation and significant efforts at mitigation. If the province should fail to live up to these conditions, the

panel unanimously recommended that the dam be decommissioned at that point.

The federal ministers of transportation and the environment have not commented on this last recommendation, but the panel's report should serve as a strong object lesson to anyone contemplating short-circuiting environmental reviews.

I would emphasize that the panel found the Oldman River dam project would not have passed even rudimentary cost-benefit analysis, not to mention environmental impact analyses.

It is against this backdrop of provincial governments bending the law and, in some cases I would think, breaking the law in order to build megaprojects that Bill C-13 has emerged. Clearly, the Canadian public wanted and expected the federal government to assume its responsibilities for thorough, predictable environmental review.

When Bill C-13 was initially introduced it clearly fell short of these expectations. It narrowed the scope of application of the federal government in the environmental assessment process. It also included many concepts which environmental groups felt would lead to compromising the environment in the interests of federal-provincial harmony.

Since then, the bill has been the subject of two go-arounds in a special legislative committee. Environmental law watchdogs participated in a clause-by-clause review. The government put forward many amendments and allowed the passage of others to significantly improve the bill. This is to the credit of the Minister of the Environment. The weaknesses of the bill have been adequately covered in the report of the Standing Senate Committee on Energy, the Environment and Natural Resources under the section entitled, "The Bill Does Not Go Far Enough." It does, however, in my view, represent the best possible consensus among the divergent groups that have an interest in the legislation.

I would like to comment briefly—because this issue has been at the heart of this debate in the Senate—on the testimony of Quebec's Environmental Minister, the Honourable Pierre Paradis, on the issues raised in his testimony on June 17.

In his testimony before the Energy and the Environment committee he claimed that federal assessment is required for any project that has an aspect, however insignificant, which might fall under federal jurisdiction. If anything, in my view, this bill can be criticized for too narrowly drawing the scope of what projects would trigger investment. Under Bill C-13 projects in the provincial realm may well impact on federal jurisdiction—the interests of indigenous people, the fisheries, migratory birds and so on. If no federal land, money or federal permit is required under a prescribed list of sections of acts, to be set out in regulation; and if it is not a one-of-a-type project set out regulations under the "comprehensive" assessment list, also to be set out in regulation, then it matters not if federal jurisdiction is affected. The federal process will not be triggered.

Minister Paradis also stated that the act is objectionable in triggering assessment where the federal government provides money for the project. Again, this criticism, in my view, respectfully, goes to the heart of the federal government's responsibility for environmental assessment. The recent decision of the Supreme Court of Canada made clear that environmental assessment is an essential part of governmental activity and that the federal government has an obligation to review the environmental impact of its activities, including the impact of where it spends its dollars.

The Quebec minister's objections are perhaps due to a different reading of the bill. That is evident from his description of Bill C-13 as extending the application of the federal assessment process to any project or concrete activity to which the federal government's only intended contribution is through its spending power. Clearly, if there has been one understood, uncontested aspect of the EARP guidelines for the last eight years, it is that EARP funds apply wherever federal funds are involved. There is nothing new in this.

If, in fact, God forbid, Bill C-13 were not approved at this juncture, it would mean all provinces would have to live with the existing EARP guidelines, which actually extend the federal government power more broadly than does Bill C-13. As has been mentioned, this sudden focus on spending powers stems from an over-broad interpretation of section 5(1)(b). Historically, and as perpetuated by Bill C-13, it is only where the federal government has allocated specific dollars for a specific purpose that an EARP is required. It is not the case that general spending for regional development will have to be traced to a specific project for federal environmental assessment.

The final argument that will not stand, as presented by some industrial representatives, is that this bill will unnecessarily hinder economic development. Far from it. If any lessons can be drawn from the litany of abuses of the environmental assessment process that is our history—and I have just mentioned a few examples—central among them is that, in the absence of adequate environmental review, projects that are completely unjustified on economic grounds continue to be built. Inappropriate development, the squandering of taxpayer's dollars on schemes destined to failure, does not help our economy. Quite the contrary, if we had had proper environmental assessment of development projects, taxpayers would have saved billions of dollars. These funds could have been applied to labour intensive, economically productive projects to meet the same goals in an environmentally appropriate manner.

I have tried to make the point that, in the headlong rush to bring into reality favourite pork-barrel schemes, governments ride roughshod not only over the environment but over sound economic judgment as well. Little wonder that most Canadians want the federal government to live up to its responsibilities for environmental assessment. It will not only help to protect our environment, it may well help to protect our pocket books from unproven economic development schemes.

It is even possible that, through experience, environmental assessment procedures will come to be widely recognized as a sane and rational way, perhaps the only way, of doing business. I would urge my colleagues to support Bill C-13.

[*Translation*]

Hon. Roch Bolduc: Honourable senators, I would like to say something about Bill C-13, but not the language issue. I am very sensitive to what Senator Corbin said on that aspect, but it seems that we have an assurance that the necessary amendments to correct these deficiencies will be made in the fall. That is not what I would like to talk about, however.

I want to talk about the substance of the bill and one particular clause. I would not want to start with an overview. I want to say first of all that I am for the bill, in that I want the federal government to have environmental legislation. I think that is clear: the federal government has responsibilities throughout the country, for air pollution, acid rain, the St. Lawrence River and Great Lakes, and so on. Of course the federal government has a responsibility.

Some problems are continental in scope, others are Canadian. Therefore the federal government has a responsibility. We need federal environmental legislation. That is why I voted for the bill on second reading.

Secondly, I would like to say that I am sensitive to environmental issues and that is nothing new for me. In the 1950s, I was a young civil servant in Quebec City and I set up a scholarship program to send our civil engineers to study sanitary engineering at Harvard, MIT, Cornell and several other places. So I was already very aware of this issue 35 years ago.

Thirdly, in 1972, when Claude Castonguay was Minister of Health in Quebec, we passed the first environmental bill in Canada. So you know that we are not against the environment. I would like you to know that.

Fourthly, I was Deputy Minister of Municipal Affairs for five years. I was involved with aqueducts, sewers and things like that. No one needs to tell me about them. I was always having run-ins with CMHC because they made regulations and standards that never applied. We know about that. So I knew about battles between bureaucracies. No one needs to tell me about it.

I do not approach this intellectually but in a very down-to-earth way. I tell you that clause 5 as it is written will lead to incredible bureaucratic chaos, and I find that unfortunate. It would have been so simple to add after "financial assistance", "except for projects within provincial jurisdiction". It would not be so earth-shattering to say that. The provincial government will do the assessments for federal-provincial programs to finance the building of schools or hospitals. I think that is simple.

Everybody should be able to understand that. However, this is not what it says. It says that the federal government will have to make an assessment. And you know what happens when we talk about evaluations. Just look at section 16. Section 16 is far-reaching; it deals with the content and even the object of the decision. I know what it is, because I was a civil servant for a long time. What can I say? The minister evidently does not have time to read the document prepared by his civil servants! That is what happened and that makes me sad because we do need a good act and it would not take much to improve this bill.

[Senator Spivak.]

Unfortunately, we are headed towards bureaucratic struggles and guess who will suffer from this situation? It is not those who are paid by the government, all these environmentalists and new missionaries. They are all paid by the government; indeed, you will note that, generally speaking, those who are involved are all bureaucrats. More often than not, it is the businesses that will suffer from this situation.

It makes me unhappy that we could not clarify such simple things that are important in day-to-day administration. Unfortunately, that is how it is going to be, it seems, because it is urgent and we are at the end of a session and on the other side, they are incredibly flexible, as you know, so that the bill will be passed, don't worry about it. However, I regret that such things come up at the end of a session. I am not happy, I can tell you. I find it unfortunate.

At any rate, I will say no more because sometimes we get carried away and say more than we intend to. I find it unfortunate that we cannot change such simple things as that, which I think would be in the interest of everyone in Canada and the provinces.

As far as these issues are concerned, we must realize that there are a number of problems that are federal. That we must admit, as I said earlier. However, there are quite a few in fact the majority that are under provincial jurisdiction. It so happens that environmental issues are by definition linked to a given territory, so most of the time these are local issues, and that is something we must not forget.

So we have the federal spending power, and if people don't sign a piece of paper, and if they don't enter into an agreement with the federal government, they will have to provide their own financing. It certainly is tempting to sign this piece of paper and to get money from Ottawa. But then the federal government turns around and says: Assessment, and in fact the minister has to say this. He has to, but it does not make sense. In any case, for the time being that is my position. I think it is all very unfortunate. But the environment bill will be passed regardless, except I will not be able to vote for it on third reading.

[*English*]

Hon. Royce Frith (Leader of the Opposition): Honourable senators, there have been a number of excellent interventions on Bill C-13. I want to begin by saying that I think this is a good bill, and I think this is a good report. We support the objectives of the bill. We support many of its provisions to achieve those objectives. However, we also share

with all senators concerns about its imperfections as carefully set out in this report, a report which itself reflects the excellent bi-partisan work of one of the Senate committees. I recommend the report to honourable senators for reading, because the concerns that have plagued this bill and plagued the attainment of its objectives, both in Parliament and in the press, are all dealt with and dealt with quite objectively.

The report immediately confronts the fact that almost everybody thinks that it is an imperfect proposal, and the differences of opinion seem to depend on the range of the imperfections.

The report deals with evidence, proposals and propositions, that are gathered together under the heading "The Bill Does Not Go Far Enough"; it then deals with those who felt that the bill goes too far; it deals with the constitutional question under the heading of "Major Concerns"; it deals with the licensing trigger, the spending trigger, the grounds for decision-making, and in all cases it deals with the evidence that was brought and the arguments on each side.

It deals with the duplication of process, what is sometimes called scoping. It deals with the problem of the extreme breadth of the regulatory power and the risk of the new despotism, as Senator Stewart describes it. It sets out what the critics have to say about it. It then concludes by having taken that into account with its suggestion that the bill be adopted without amendments.

For myself, one of two principle concerns left after reading about the committee's work, and also reading the report, was the question of the difficulty of balancing federal with provincial interests, and particularly the position taken by the province of Quebec. Quebec's provincial interests always have this additional dimension of the need to preserve language and culture which touch, quite properly, the concerns of the province of Quebec in every case, and to an extent exceed those of other provinces.

I find, however, having listened to the debate, that even the government members of the Senate from the province of Quebec, while uncomfortable, appear to be prepared to—I do not quote them on this, but I use this expression because it is an expression that has been used with respect to other imperfect proposals—hold their noses. Maybe they are not holding their noses. Maybe they are perfectly content.

I went over the list of government supporters from Quebec in the Senate: Senator Beaudoin, Senator Beaulieu, Senator Bolduc, Senator Castonguay, Senator Chaput-Rolland, Senator Cogger, Senator Lynch-Staunton, Senator Poitras, and Senator Sylvain. I hope I have not left any out. Listening carefully to the debate, I am sensitive to their concerns.

Senator Murray: Senator Lavoie-Roux.

Senator Frith: Senator Lavoie-Roux, excuse me.

Senator Murray: Senator Grimard.

Senator Frith: Senator Grimard. Any others that I forgot? No? As we used to say to jurors, "So say you all?"

I take it that you all say that I am from Ontario, and I should not lose any sleep worrying about the interests of Quebec being trampled on by this bill. That brings us to the only other concern, and that is the concern that it seems to me also attracts bipartisan attention, or ought to attract bipartisan attention, for each of us as senators and our role under the Constitution as senators, and of course thereby the role of the Senate.

Let me read to you what this excellent committee has said about that concern, a concern shared obviously by many senators on both sides:

> We recognize that the bill has a number of shortcomings, not least of which are the 30 inconsistencies that were found to exist between the French and English versions of the bill. Considering that almost half of these inconsistencies go back to the original bill that was tabled as Bill C-78 in 1990, your Committee is deeply concerned that so many linguistic discrepancies could have slipped through, despite the extensive scrutiny that this bill has received over the years.
>
> In our view, there are simply too many inconsistencies, two of which are very substantial (clauses 33 and 72). We cannot pass this over in silence, or fail to express deep regret. This is a truly unacceptable state of affairs, indeed it is inexcusable in a Parliament that has been bilingual since 1867. To avoid delaying passage of the bill, we can rely on precedent, as the Deputy Minister of Justice pointed out, and have these errors corrected under the Miscellaneous Statute Law Amendment bill, as soon as possible after the bill becomes law.
>
> The federal Minister of Environment stated that if the bill were returned to the House of Commons with amendments, there would be a "high element of risk" in doing so. Given the uncertainty of the Parliamentary calendar in the months ahead, your Committee recognizes that, if amendments were made to the bill at this time, it is not inconceivable that the bill could die on the Order Paper. Given the amount of time it has taken the bill to get this far, this is not a risk that we are prepared to take.
>
> At the Committee's request, the Minister gave his undertaking to proceed as quickly as possible and introduced the requisite amendments under the next Miscellaneous Statute Law Amendment bill, which is due to be tabled next fall. We hold him to this undertaking and therefore recommend that:
>
> The federal Minister of the Environment act on his undertaking and introduce amendments to correct the inconsistencies between the French and English versions of the bill under the next Miscellaneous Statute Law Amendment bill.
>
> Although we are extremely uneasy about recommending adoption of a bill that has 30 known linguistic errors, we have concluded that it would be in the public interest for us to do so, as time is a significant factor in this case.

What are those inconsistencies that the committee recommends we ignore and leave to someone else to correct? If we acknowledge all these errors, but do not insist that they be corrected, that we will rely on an undertaking that they be corrected in the Miscellaneous Statute Law Amendment Act, it is important that we know exactly what we are proposing.

The inconsistencies are as follows: In clause 4 (a), there is a problem with the expression "de décider".

In clause 12 (4) the French version requires the other jurisdiction to offer to cooperate. That does not exist in English. Another problematic expression is "in whole or in part".

In clause 15 (3) there is an inconsistency between the French version of this provision and the French version of the definition. I am just touching on the highlights of each inconsistency.

In clause 16 (1) (c) the word "envoyées", and in 16 (1) (e) the word "screening" are problematic.

In clause 18 (1) the French version should specify one exclusion list, not many.

In Clause 18 (2) the notion of "information" is not reflected in the French version.

In clause 19 (4) the French version does not capture the sense of "use or permit the use of".

In clause 21 (a) the concept "conformité avec les règlements" does not exist in English.

In clauses 24 (1) (c) and 24 (1) (d) there is inconsistent drafting in the French version.

Clause 33 (2) was given particular attention by the committee. In that clause the French version should say "Minister" not "Governor in Council". I will read that clause because it was highlighted by the committee.

> The Minister may establish a roster of persons, to act as members of any review panel to be established pursuant to paragraph 1 (a).

The French version says:

> "Le gouverneur en conseil peut établir une liste . . ."

Those versions cannot be reconciled. One says one thing and one says another.

There is a lack of consistency between 37 (1) (a) and 20 (1) (a) in the French version, particulars of which are contained in this paper which I would be quite pleased to table. The columns are headed, "Section number", "Nature of Discrepancy", "Section Amended" and "Proposed action and comments".

In Clause 37 (2) line 17 should specify "de cette autre loi".

In clause 38 (2), in line 6 in the French version, "suivants" is misspelled.

In clause 40 (2) (a) the French expression used for "review panel" is not the defined term.

[Senator Frith.]

In clause 40 (3), line 26 in the French version does not capture the essence of "is permitted".

In clause 41, line 42 in the French version contains a syntactical error, "à l'effet que . . .".

In clause 42 at line 26 in the French version the word "commission" should precede the word "examen".

In clause 43 (1) at line 39 of the French version it is not clear what substitution the minister can authorize. This is a rather important omission.

At clause 50 (2), line 2, the adjective "negatifs" is missing.

At clause 50 (3) the expression "any federal authority" at line 13 in the English version is not picked up in the French version. There is another discrepancy in the same clause.

In clause 51 (1), at line 16, the term "ordonnance" should be "injonction", which is quite a difference.

In clause 54 (2) there is no English equivalent to the expression "accords internationaux" at line 1 on page 39.

In clause 55 (3) (b) the French version uses "commentaires". The correct word is "observations".

In clause 58 (1) (e), at line 5, the French expression "examens substitués aux examens par une commission" should be simplified to accord with the English expression.

In clause 59 (c) at lines 9 and 10, the words "liés à une activité concrète ou à une categorie d'activités concrète" should be deleted because there is no English equivalent.

In clause 59 (1) the word "programme" is missing from "programme de suivi", a defined term.

Another important discrepancy is to be found in clause 72 (1). The French version refers to "Committee of the House" and the English version says "the Minister". Let us have a look at that one because it was also singled by the committee.It seems to me, honourable senators, that this discrepancy will be of particular importance when we deal with the question of correction by miscellaneous statute law amendments. Clause 72 (1) reads:

> Five years after the coming into force of this section, a comprehensive review of the provisions and operation of this Act shall be undertaken by the Minister.

The French version reads:

[*Translation*]

> 72.(1) Dans les cinq années qui suivent l'entrée en vigueur du présent article, un examen complet des dispositions et de l'application de la présente loi doit être fait par le comité, soit de la Chambre des communes, soit mixte, que le Parlement désigne ou constitue à cette fin.

[*English*]

Honourable senators, here is a bill that, as parliamentarians, we surely should be interested in. This is an imperfect bill.

Senators on all sides accept that there are substantive deficiencies. We seem to accept that the bill should be passed eventually but, because it is imperfect, we support the provision in the bill requiring that a review be conducted. But who is to do the review? Are we, as parliamentarians, satisfied that the review should be done by the minister as the English version provides, or would we rather have it done by Parliament, as the French version provides?

In clause 72 (2) the word "étude" at line 19 should be "examen".

In clause 73 (2) the English version, at lines 36 to 39, has no French equivalent.

In the first part of "Definitions", "project" in the English subparagraph (a) is not captured in the French version. This is important because in interpreting any bill one turns, of course, to the definition sections. The word "operation" is not captured in French.

Honourable senators, if we say we respect that part of our function under the Constitution which requires that we review and improve legislation, can we be satisfied that we have done our job with respect to Bill C-13?

Let us read again why the committee wants us, in spite of all the problems, that, to neglect what, it seems to me, is clearly our duty. The committee says:

> We recognize that the bill has a number of shortcomings, not least of which are the 30 inconsistencies that were found to exist between the French and English versions of the bill. Considering that almost half of these inconsistencies go back to the original bill that was tabled as Bill C-78 in 1990, your Committee is deeply concerned—

I should think so. I compliment our Senate committee on that. The report goes on to state:

> — that so many linguistic discrepancies could have slipped through, despite the extensive scrutiny that this bill has received over the years.

As Senator Spivak and others have said, this bill has been on the table, or on the rails, for a very long time.

Why do we have two houses of Parliament? One of the reasons is to require legislation to go through the sieve of examination. Yet here we have a bill that has been looked at by so many in so many contexts and it still has serious problems.

The next paragraph reads:

> In our view there are simply too many inconsistencies—

Too many for what? I would think, from reading that, that it means too many for us to let them go by. There have to be too many measured against some standard. It goes on to say:

> — two of which are very substantial (clauses 33 and 72). We cannot pass this over in silence, or fail to express deep regret. This is a truly unacceptable state of affairs—

• (1540)

Senator Beaudoin said, "C'est tout à fait inacceptable." I do not understand what that means. Does it mean it is "tout à fait inacceptable", completely unacceptable, but that we are to accept it? Is it acceptable or not? Do we find it acceptable as senators?

I tell honourable senators that I am sure—but I may be wrong—that there is not a single senator on the government side who is satisfied with this bill. I am sure there is not. Having heard the debate and having read the committee report, I know that not one senator is satisfied with this. I would even go so far as to say that there is not one senator who feels comfortable with it.

"... indeed, it is *inexcusable*..." What does that mean? Does it mean it is inexcusable and therefore we excuse it? Does the word "inexcusable" mean "excusable"? Does the word "unacceptable" mean "acceptable"? If it is inexcusable, it is inexcusable and we ought not to excuse it. If it is unacceptable, we ought not to accept it.

> This is a truly unacceptable state of affairs, indeed it is *inexcusable* in a Parliament that has been bilingual since 1867.

That was pointed out by Senator Corbin and others.

The report goes on to state:

> To avoid delaying passage of the bill, we can rely on precedent, as the Deputy Minister of Justice pointed out, and have these errors corrected under the Miscellaneous Statute Law Amendment bill, as soon as possible after the bill becomes law.

What does "as soon as possible" mean? How soon is it possible? I have been told that there was information given to the committee in its consideration that this process takes years—anything up to five years. Is that as soon as possible? It could be a few years.

Senator Barootes: Do you want to take a bet on that five year thing?

Senator Frith: Do you mean on it being up to five years?

Senator Barootes: You said five years. I will take a bet it is less.

Senator Frith: I will tell you what I will take a bet on, sir. It is that you are not listening. I will take a bet on that, because if you read what I said, and if you have listened to what I have said, you will know that I said the information that was given to the committee was that it could take years, up to five years.

Senator Barootes: You are just reading someone else's report; you are not making a speech.

Senator Frith: That was information given by one of your colleagues in the Senate, sir, who has experience in such matters.

I tell honourable senators that if we accept the information the committee has received, corrections could take years. Each of us must decide individually that we are satisfied that that is as soon as possible and that we are satisfied that we have performed our function as senators.

What are the tests for something going into that act? How does one decide that an amendment is a miscellaneous statute amendment, uncontroversial and purely, technically correct? I am informed the two honoured tests are that, first, they cannot go to the purpose of the bill, otherwise they are not miscellaneous; and, second, that they cannot be controversial.

Can we honestly say that these are not controversial? Can we say as senators that there is no controversy as to whether it should be the minister or a committee of the House? I think there is controversy. I say that as a fact. I do not say you should accept my opinion as to which it should be, but it is clear that it is controversial.

Can we say that there is no controversy over the question of whether the five-year review should be conducted by the minister or by Parliament? Of course there is controversy. Therefore, honourable senators, I do not think we as senators should accept an undertaking that these discrepancies will be corrected by miscellaneous statute amendments. Two of the most important ones do not qualify for such treatment.

The report goes on to state:

> The federal Minister of the Environment stated that if the bill were returned to the House of Commons with amendments,. . .

Did he say that it would be dead? Did he say that the bill is gone? No. He said that:

> . . . there would be a "high element of risk" in doing so. Given the uncertainty of the parliamentary calendar in the months ahead . . .

I am not clear that there is anything particularly uncertain about the parliamentary calendar that is not always present. It is always uncertain. However, they are saying to us senators, "Don't do your job in this case because in the months ahead the parliamentary calendar is uncertain." Certainly, most of you who have come to us from the other House would reply, "What else is new? Of course it is uncertain."

The report goes on to state:

> . . . your Committee recognizes that, if amendments were made to the bill at this time,. . .

Do they say that it would die? No. Do they say that it might die? No. It states:

> . . . it is not inconceivable that the bill could die on the Order Paper.

[Senator Barootes.]

Are those the kind of grounds on which they are asking us as senators to make an exception? Can honourable senators think of any piece of legislation that will ever come to us about which one could not say that it is not inconceivable that it could die on the Order Paper? Can honourable senators think of any piece of legislation that will ever come to us with respect to which the parliamentary calendar in the months ahead would not be uncertain, or that there would be a "high element of risk"?

It seems to me that what we are being asked to do as senators—and not as opposition, or government, but all of us as senators—is to face the usual Hobson's choice we have as senators. It does not take us long to get used to that Hobson's choice once we are appointed to this place. That is to say, if you do nothing, then what are you here for? If you do anything in the course of your job that is inconvenient to the government—not just this government, but any government, and I have held the job on that side of getting government legislation through—then you are asked to make an exception for a number of reasons that, it seems to me, exist in practically every case of legislation that comes to us.

Do we say to ourselves, to our own consciences, "I am prepared to make an exception in this case, but the only basis I can make it would apply in just about every case; that is, every case in which we as senators play our role." Very frequently when we play our role, we are a damned nuisance to the government. That is what Parliament is set up for.

It seems to me that if we accept this undertaking, then we will be getting undertakings in every case. In effect, it is a form of Senate reform. We do not need this particular function as a Senate. All those aspects of our duties can be performed by the Miscellaneous Statute Law Amendment Act, although the tests that the committee were told about by the Deputy Minister of Justice are tests that these inconsistencies do not meet.

Honourable senators, I support this bill and want to have the opportunity to vote for it, warts and all, imperfect as it is. Even its most severe critics tell us that it is better than nothing at all. However, I do not feel comfortable abdicating the function that we are given in the face of such -- to quote an adjective used in another context by the Leader of the Government in the Senate—"egregious" errors.

If ever there have been egregious—the origin of which, as I understand, is standing out from the flock—errors, then they are here, some thirty of them, in varying degrees of seriousness. Two of them are deadly serious. They are total inconsistencies which make the sections impossible to operate. To ask us to ignore them, it seems to me, is to ask us to swallow more than we should be asked to swallow, and to take a part of our responsibilities cavalierly and not seriously.

I know this will not be easy. I want to assure honourable senators that I share the constraints they feel, the discomfort they feel at not passing this bill immediately because of the

need for its objectives. But I really think we are at an important crossroads. The record will show that we have agreed in the Senate to allow a bill to be passed absolutely full of errors, including errors that cannot be corrected by a Statute Law Amendment Act.

Therefore, I propose, seconded by the honourable Senator Molgat:

> THAT Bill C-13, an Act to establish a federal environmental assessment process, be not now read the third time but that it be referred back to the Standing Senate Committee on Energy, the Environment and Natural Resources in order to correct the inconsistencies that were found to exist between the French and English versions of this bill.

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 in amendment please say "yea"?

Some Hon. Senators: Yea.

Some Hon. Senators: Will those honourable senators against the motion in amendment please say "nay"?

Some Hon. Senators: Nay.

The Hon. the Speaker: In my opinion, the "nays" have it.

And two honourable senators having risen.

The Hon. the Speaker: Please call in the senators. Is there agreement on the length of the bell?

Hon. William M. Kelly: Honourable senators, with agreement, I would ask for a 20-minute bell. The Senate adjourned to the call of the bell.

The sitting of the Senate was resumed.

CANADIAN ENVIRONMENTAL ASSESSMENT BILL

THIRD READING—MOTION IN AMENDMENT NEGATIVED

The Hon. the Speaker: Honourable senators, it was moved by the Honourable Senator Ottenheimer, seconded by the Honourable Senator Cochrane, that Bill C-13 be read the third time now.

In amendment, it was moved by the Honourable Senator Frith, seconded by the Honourable Senator Molgat:

> That Bill C-13, an Act to establish a federal environmental assessment process, be not now read the third time but that it be referred back to the Standing Senate Committee on Energy, the Environment and Natural Resources in order to correct the inconsistencies that were found to exist between the French and English versions of the bill.

Hon. Royce Frith (Leader of the Opposition): If you read the French version it will concord with the English version.

The Hon. the Speaker: Do you want me to read the French version?

Some Hon. Senators: Nay.

Some Hon. Senators: Yea.

The Hon. the Speaker: The nays have it.

Motion in amendment of Senator Frith negatived on the following division:

YEAS

THE HONOURABLE SENATORS

Adams	Kenny
Bonnell	MacEachen
Bosa	Marsden
Cools	Molgat
Corbin	Neiman
De Bané	Perrault
Fairbairn	Petten
Frith	Riel
Gigantès	Stanbury
Grafstein	Stewart
Graham	Stollery
Hastings	Watt
Hays	Wood—27.
Hébert	

NAYS

THE HONOURABLE SENATORS

Barootes	Lavoie-Roux
Beaudoin	Lynch-Staunton
Beaulieu	Macdonald (*Cape Breton*)
Bolduc	Macquarrie
Buchanan	Marshall
Carney	Murray
Castonguay	Nurgitz
Chaput-Rolland	Oliver
Cochrane	Ottenheimer
Comeau	Phillips
DeWare	Poitras
Doody	Robertson
Doyle	Ross
Forrestall	Rossiter
Grimard	Simard
Johnson	Spivak
Kelleher	Sylvain
Kelly	Teed—38.
Keon	
Kinsella	

ABSTENTIONS

THE HONOURABLE SENATORS

Nil

THIRD READING

The Hon. the Speaker: Honourable senators, it is moved by the Honourable Senator Ottenheimer, seconded by the Honourable Senator Cochrane, that Bill C-13 be read the third time now. Is it your pleasure, honourable senators, to adopt the motion?

Some Hon. Senators: Agreed.

Some Hon. Senators: Nay.

The Hon. the Speaker: I think I heard some "nays". Would those in favour please say "yea"?

Some Hon. Senators: Yea.

Senator Frith: We want a vote.

The Hon. the Speaker: Is the house ready for the question? All those in favour, please say "yea"?

• (1610)

Some Hon. Senators: Yea.

The Hon. the Speaker: All those opposed, please say "nay"?

Some Hon. Senators: Nay.

The Hon. the Speaker: In my opinion, the "yeas" have it.

The Hon. the Speaker: Call in the senators.

Hon. William M. Kelly: Can this be voted on with no bell?

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): No additional bell.

Hon. Lowell Murray (Leader of the Government): Mr. Speaker, there is a consensus that you would call for the standing vote without another bell.

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

Hon. Senators: Agreed.

Senator Frith: We want to see where everybody stands.

The Hon. the Speaker: Honourable senators, I will repeat the motion. It is moved by the Honourable Senator Ottenheimer, seconded by the Honourable Senator Cochrane, that the bill be read the third time now.

Motion of Senator Ottenheimer adopted on the following division:

YEAS

THE HONOURABLE SENATORS

Adams	Kinsella
Barootes	Lynch-Staunton
Beaulieu	Macdonald
Bonnell	(*Cape Breton*)
Bosa	MacEachen
Buchanan	Macquarrie
Carney	Marsden
Cochrane	Marshall
Comeau	Molgat
Cools	Murray
De Bané	Neiman
DeWare	Nurgitz
Doody	Oliver
Doyle	Ottenheimer
Fairbairn	Perrault
Forrestall	Petten
Frith	Phillips
Gigantès	Riel
Graham	Robertson
Grimard	Ross
Hastings	Rossiter
Hays	Simard
Hébert	Spivak
Johnson	Stanbury
Kelleher	Stewart
Kelly	Stollery
Kenny	Sylvain
Keon	Wood—55.

NAYS

THE HONOURABLE SENATOR

Grafstein—1.

ABSTENTIONS

THE HONOURABLE SENATORS

Beaudoin	Corbin
Bolduc	Lavoie-Roux
Castonguay	Poitras
Chaput-Rolland	Watt—8.

Motion agreed to and bill read third time and passed, on division.

• (1620)

CRIMINAL CODE

BILL TO AMEND—THIRD READING

Hon. Mabel M. DeWare: Honourable senators, I move the third reading of Bill C-49, to amend the Criminal Code (sexual assault).

Hon. Joan Neiman: Honourable senators, I hope that I will only take a few minutes of your time, but I would like to make some comments on Bill C-49. Like some of the other bills we have studied in the Senate today, it has its imperfections and is somewhat controversial. However, I do not think that any of the members who studied the bill in this house or in the other place disagreed with the principle of the bill, which is to achieve a fairer balance between the rights and protection of the victim of a sexual assault and the person or persons accused of that offence.

Unfortunately, we have had very little time to study the bill thoroughly, so we took advantage of the evidence that was presented to the legislative committee in the other place, which heard some 23 witnesses. The Legal and Constitutional Affairs committee made an effort to canvass the earlier witnesses who had problems with the bill.

In response to some of the objections which were heard in the other place, the Minister of Justice herself recommended certain amendments to the legislative committee, and they are contained in the present bill.

After the bill passed the other house, the Canadian Bar Association, which had had several objections, stated publicly that it felt that its principal objections had, in fact, been met by the amendments made at the request of the Minister of Justice.

The Criminal Lawyers Association of Ontario had many objections and reservations with respect to the bill. We made an effort to have the two eminent counsel who had appeared in the other place appear before our committee. Unfortunately, neither one was able to come, nor were they able to send someone else, as they had undertaken to do, even though we phoned them several times to ask if they could send someone to our committee hearings during the last couple of days.

The Canadian Civil Liberties Association had some reservations, some of which were met by the amendments. This morning I spoke with Mr. Alan Borovoy, the head of that association. He, too, was unable come. He told me that he still had strong objections to a couple of clauses in the bill, even the amended clause that concerns the publication of evidence at trial. His other principal objection was with respect to those clauses covering consent and the definition of consent which he felt should be hived off from the rape shield clauses because they demanded different considerations. However, I do not think that he would have gone as far as saying that this bill should be held up because of other benefits which it obviously provides.

Our final witnesses yesterday were from REAL Women, a group which had also given a brief in the other place. They objected in general to the tenor of the bill which they considered was unbalanced in favour of women and did not protect men sufficiently.

I do not know if all honourable senators received a memorandum today in the name of Senator Haidasz. He echoes some of the concerns REAL Women expressed to us yesterday. I would like to make one comment about his opening statement here: "This bill will have the direct effect of reversing the presumption of innocence as the accused will bear the onus to prove consent."

With great respect, I must disagree with that. I do not think the bill does that at all. It states that the complainant must establish a *prima facie* case of not having given consent before the accused has to answer.

In any event, some of the objections of the representatives of REAL Women who spoke to us yesterday could probably be answered by our legal advisers, more learned in the law than myself. In any case, I do not want to go into any further detail on that at this point.

In spite of the objections we heard, I am satisfied with the general validity of the bill and that most of its provisions are probably secure from Charter challenges. However, one of the more vulnerable provisions removes from the accused the defence of intoxication that is self-induced. Witnesses pointed out that the courts have acknowledged that there may well be a state of inebriation when a person would be incapable of forming the necessary criminal intent to commit an offence. No doubt that provision will quickly be subjected to close judicial scrutiny in various courts across Canada, and eventually in the Supreme Court of Canada.

Yesterday, Professor Don Stuart put forward his argument again that there should be degrees of culpability of sexual assault, as there are degrees of seriousness in the range of charges from manslaughter to murder and arson, with a range of appropriate penalties.

The minister, whom we questioned later on this particular aspect of the bill, gave her reasons for preferring the present formulation. Witnesses representing LEAF, which is a legal organization associated with the National Association Committee on the Status of Women, as well as the National Organization of Immigrant and Visible Minority Women of Canada, strongly supported her position.

I must say that I remain more persuaded by Professor Stuart's contention that a lack of distinction between degrees of seriousness of various types of sexual assault tends to trivialize a charge of rape by placing it in the same category as all sexual touching cases. As he stated in his brief:

> Rape is a crime of violence but also involves the expression of male sexuality and power with particularly serious consequences for victims.

These women's groups which supported the minister on practically all aspects of the bill still continue to argue that there should be an additional paragraph in the preamble which would make special reference to the vulnerability of certain groups and categories of women.

The minister continued to resist the request, so the committee decided to at least acknowledge what is obviously a social and legal fact by referring to the problem in its report. I am glad that Senator Spivak gave notice this morning of a motion asking the Senate to join in expressing its special concern, not

only for those women, but for similarly disadvantaged men and children.

The committee would have welcomed much more time to study Bill C-49. However, given the uncertainty of our future legislative calendar, it decided that the bill had so many more beneficial features than possible pitfalls that it could not risk having the bill fall into the parliamentary pool of unfinished business. I support Bill C-49 and recommend that honourable senators do so as well.

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

Motion agreed to and bill read third time and passed.

NORTHWEST TERRITORIES WATERS BILL

YUKON WATERS BILL

CONSIDERED IN COMMITTEE OF THE WHOLE

The Senate in Committee of the Whole on Bill C-51, respecting water resources in the Northwest Territories, and Bill C-52, respecting water resources in the Yukon Territory.

The Senate was accordingly adjourned during pleasure and put into a Committee of the Whole, the Honourable Senator Nathan Nurgitz in the Chair.

The Chairman: Honourable senators, I understand the Minister is available and ready to enter the chamber.

Pursuant to rule 21 of the *Rules of the Senate*, the Honourable Thomas Edward Siddon, Minister of Indian Affairs and Northern Development, was escorted to a seat in the Senate chamber.

Senator Murray: Honourable senators, it is a pleasure to welcome to the Senate for the first time, I believe, the Minister of Indian Affairs and Northern Development, the Honourable Tom Siddon. Mr. Siddon has been in Parliament since 1978 and, as a minister of the Crown, has held various portfolios since 1984. For the past two and a half years he has been the Minister of Indian Affairs and Northern Development.

Mr. Siddon is accompanied by officials of the department. Mr. Hiram Beaubier is Director General, Natural Resources and Economic Development Branch, and Mr. Brian Gibson is Senior Offshore Waters Officer. Both are from the department of Indian Affairs and Northern Development. The minister has a brief opening statement to make.

The Honourable Thomas Edward Siddon, Minister of Indian Affairs and Northern Development: Honourable senators, I am pleased to be here to speak to you for a few moments about Bill C-51, the Northwest Territories waters act, and Bill C-52, the Yukon Territory waters act, new legislation to replace the Northern Inland Waters Act. I cannot stress enough how important these bills are to northerners and in fact to all Canadians who have an interest in water management in the territories north of the 60th parallel.

[Senator Neiman.]

As honourable senators would know, northerners have a special relationship with the environment. They recognize it as both productive and fragile. They have the respect that comes from knowing that a healthy environment supports them and from being keenly aware that the northern waters are a cornerstone to that healthy environment.

Bills C-51 and C-52 acknowledge and recognize the value of our northern water resources. They also acknowledge that the legislation which was enacted in 1970, the current Northern Inland Waters Act, needs updating to be in tune with the requirements of the 1990s, and indeed to meet the requirements of the next century. The new bills proposed today address inconsistencies and weaknesses that have come to light over the past several years. It would be a disservice to leave these problems uncorrected for a longer period.

Mr. Chairman, I wish to remind those present that the government has been responsive to all of the various groups who are interested in the substance of these bills. The bills have been amended to accommodate the concerns of many interested parties, whether they be water users, industry and domestic water users, environmental groups, first nations or the territorial governments.

The three principal objectives of the proposed amendments are to streamline the licensing process, to allow for greater recognition and protection of instream water users and to ensure greater regulatory compliance by the holders of water use licenses. With these bills we are modernizing and strengthening water management in northern Canada. These changes will ensure a speedier licensing system and so give northern industry, especially mining and the energy sector, greater certainty in order to plan their future developments.

At the same time renewable natural resources will also stand to gain from these changes, as environmental protection measures will be strengthened in many respects. The changes will also protect domestic water supply and instream water users who would become eligible for compensation should their interests be affected in any negative way by a licensed use of water. Among those who will benefit from this measure of compensation are aboriginal peoples, who depend on fishing and the water quality for their income and their food supply.

These proposals, honourable senators, are supported by northerners, such as northern environmental interest groups, native peoples, mining and other industry, and the territorial governments. I ask that you, as well, lend your support to these proposed pieces of legislation here today.

Senator Frith: These two bills come to us with a very good reputation. Our colleague on this side, Senator Adams, spoke in support of them yesterday. For the record, could you tell us

what, if any, opposition there was to these bills. You mentioned that there were various groups who had been accommodated. Can you tell us what the principal objections were to these bills and how you addressed them?

● (1640)

Mr. Siddon: Senator Frith, there were some concerns felt by the mining industry, especially the placer mining industry of the Yukon, who, prior to 1970, were not accustomed to being regulated at all. For that reason, we established an advisory committee called the Yukon Mining Advisory Committee, and it was comprised of representatives of the placer mining industry as well the course mining industry.

I think if anyone knows the Yukon and the instinct of miners, there is a tendency to feel that much of this environmental regulation and extra process and the threats of fines and penalties under the law is something that interferes with their way of life, and that in that vast, unspoiled territory of the Yukon or the Northwest Territories, they are not really doing any significant harm to nature and should not be subjected to the onerous burdens that new legislation such as this would impose.

There was an extensive period of consultation with representatives of the mining industry who sat as members of the Yukon Mining Advisory Committee, together with representatives of the Yukon Conservation Society and the Yukon First Nations. Through that process and under the able chairmanship of Mr. Bill Dunbar of Northwest Tel, the concerns that the mining industry had expressed were largely addressed.

There have also been concerns with respect to the confusion that might arise as between the regulation of water use and the broader environmental processes under the environmental assessment and review guidelines order and now, as of today, I gather, under the new Environmental Assessment Review Act, Bill C-13, which I believe has just passed this house. There were a variety of concerns of that nature because change is always unsettling, but I am persuaded that for the most part these interests have been addressed.

Senator Frith: Can you reassure us that you know of no groups that would have wished to make serious objections to the passage of the bill had we, rather than proceeding in Committee of the Whole, dealt with the legislation in the standing committee and invited objectors?

Mr. Siddon: If you like, Senator Frith, I could table a chronology of the consultation process which had been followed in building up the preparation and the drafting of this bill since 1987, and a list of the participants who have been consulted and involved right through to the stage of the legislative committee which sat in the other place for several days reviewing and receiving last minute submissions.

I would be remiss if I did not point out that there was intervention by representatives of the Dene Nation, for example. I think it was Mr. Erasmus, who suggested there had not been ample consultation to take into account the aboriginal interests and, in particular, the incomplete nature of land claims and treaty process in the Northwest Territories.

There was some concern expressed by the Counsel of Yukon Indians to the same effect, that this legislation should not preempt or foreclose certain privileges and prior uses which will be promised and guaranteed to the First Nations people when land claims are concluded in the various areas of the north where such claims are now under negotiation.

We have taken those concerns into account, and I am satisfied, and I can give that assurance to honourable senators.

Senator Frith: They are reassured?

Mr. Siddon: I have certainly reassured them, and those points have been debated extensively. When the land claims are brought to cabinet, having been initialled and ratified by each of the First Nations groups, then assuming the government agrees to ratify this legislation, it will be drafted in the form of settlement legislation and brought to the two houses.

The rights of First Nations people will be assured, and any inconsistency between those agreements and the present legislation will be resolved by way of recognizing the paramountcy of those land claims agreements.

Senator Frith: Mr. Chairman, that seems to be an appropriate time to pass the questioning to my colleague Senator Adams, who knows a great deal more about this latter subject than I do.

The Chairman: Senator Adams.

Senator Adams: Thank you, Mr. Chairman, and thank you, minister, for coming to the Committee of the Whole. I have a few questions. There are two bills. It confused me that the clauses are exactly the same for both territories, as you answered to a question from Senator Frith. It sounds like most of your witnesses came from the Yukon, and I was wondering if you had any people who showed interest in these bills who hailed from the Eastern Arctic.

Mr. Siddon: Senator Adams, from the Northwest Territories we had representation from the N.W.T. Chamber of Mines, the Government of the Northwest Territories, the Canada Petroleum Association, the Northwest Territories Water Board, the Dene Nation, the Métis Nation, and the Tungavik Federation of Nunavut. The interests of the Eastern Arctic Inuit people were certainly taken into consideration and brought before the drafters as this legislation was prepared.

Senator Adams: In clause 10—and both bills are exactly the same—I am not sure how many board members you intend to have from both territories. Is it four to nine members from each territory, or is it a total of four to nine, or do you have four to nine members over all, from the provinces and both territories?

Mr. Siddon: It is my understanding that the water board created under each piece of legislation will be comprised of up to nine members. I am not sure I heard the question clearly.

Senator Adams: According to Clause 10, there will be four to nine members on the board, or appointed by the minister.

Mr. Siddon: Perhaps I might, for a moment, consult Clause 10.

Senator Adams, I thought I heard you say 49, but it was four to nine members. The discretion of the minister may be exercised in terms of the total number of members sitting on the water board. Three of the members are nominated by the government of the Northwest Territories, and it is at the minister's discretion as to whether or not to accept those names. I would not want to contemplate today exactly how many board members we might anticipate. As with the structuring of most such boards, I would certainly want to ensure that there was a strong regional representation, or sectoral representation, in particular to ensure that the people of the Eastern Arctic were properly represented on that water board.

Senator Adams: In the meantime, before any licence is approved, the decisions of those boards will have to go through the minister from the Northwest Territories, and from there to you for final approval for that licence?

Mr. Siddon: In the case of the minor users for which there would be a less onerous application process, it would not be mandatory that public hearings be held. That would be a matter at the discretion of the chairman of the water board. The water board chairman could sign and issue licences without recourse to the minister.

In the case of major or Type A water users, the final approval of a particular project and water licence would rest with the Minister of Indian Affairs and Northern Development. The minister could delegate that authority by special arrangement to the appropriate territorial government minister, and that would anticipate the likelihood of devolution of these authorities to the territorial government and could anticipate the ultimate division of the Northwest Territories into two territories, at which time appropriate amendments to the N.W.T. Waters Act would result.

Flexibility is built into the legislation which allows for an orderly progression toward devolution and local authority in the decision-making process.

Senator Adams: As you know, we passed Bill C-13 about 20 minutes ago. Is it correct, as the Minister of the Environment has stated, that the passage of Bill C-13 will not affect the future approval of licences to mining companies in the territories?

Mr. Siddon: Senator Adams, the environmental assessment legislation which you have just passed, deals with the broad questions of environmental impact which might result from a particular development project which could encompass the impact on fisheries, wildlife, human health and many other factors surrounding forest lands.

The waters legislation, on the other hand, provides an administrative regime for the use of water alone and how the use of that water must be regulated to ensure that the interests of other water users are not negatively impacted and, in the process, to ensure that what is deposited into the water does not cause a harmful environmental consequence.

Therefore, the Northwest Territories Waters Act and the Yukon Waters Act will provide a regime for licensing the use of water, but they will not administer these other environmental factors and pressures which may arise. The legislation before the house today is designed to be compatible with the environmental assessment legislation and the Canadian Environmental Protection Act which has now been in place for two years.

If there is the necessary screening relating to the way in which water is used, it will be done in a way such as to conform with the requirements of the environmental assessment and review legislation so that there will be no duplication. But if larger questions relating to the impact of a project on wildlife or other natural amenities were to be a consequence of a project, that would be reviewed under the environmental assessment legislation which has just been passed.

Senator Adams: Do you anticipate long delays in the future? I am a member of the committee which studied Bill C-13. Some mining companies which appeared before the committee were against this legislation because they thought it would result in long delays in the future for mining companies that want to develop the mining industry. Implementing the provisions in Bills C-51 and C-52 will be a long process. In the meantime, they will have to go through the Minister of the Environment. How many months or years will that take? Many projects could be lost. Approval for small projects may only take a couple months, but for bigger ones it may take a year.

Mr. Siddon: It is a fact that those who have been accustomed to pursuing development in northern Canada have not, in the past, been unduly burdened by excessive regulation or processes, and they are very uneasy about any additional regulatory requirements or onerous penalties for noncompliance.

One of the purposes of bringing forward these two new pieces of legislation is to separate large-scale projects, or what we call "the projects of major water users", from the fairly routine projects and which are seasonal in nature, such as placer mining. So we have provided a second category of licences, the minor users licences, or "B" licences, where there would be a very streamlined process.

One purpose for the amendments was to provide a very quick screening process which did not have to get involved in a large number of other environmental factors but was only to focus on how much water was to be used, how it would be taken from the river or stream, and how it would be redeposited to ensure that a lot of silt or other contaminants would not be dumped into the main water course, doing damage to fish, for example.

There is in the proposed new legislation a means of fast-tracking these processes to the benefit of many of the interests of which the senators speaks.

Senator Hays: It is a pleasure to join with Senator Murray in welcoming you, Mr. Siddon. It is good to see you again.

One of my questions has been covered in part by Senator Adams. It has to do with the legislation we have just dealt with in this place. As I understand your answer to Senator Adams' question, you do not envisage these water boards ever falling under the Canadian Environmental Assessment Act, but rather that this kind of environmental regulation will always be carried out "stand-alone" from the Canadian Environmental Assessment Act. That somewhat surprises me because many have suggested that this kind of environmental regulation would logically fall under this new legislation.

Mr. Siddon: Senator Hays, I did seek to point out that we do not wish to duplicate unnecessarily the processes provided for under the environmental assessment legislation and that are provided for here. In a technical way, this legislation deals exclusively with the use of water, the processes which must be followed, and the penalties for noncompliance.

At the same time, there is incorporated in the legislation provision for public hearings, as there was under the old Northern Inland Waters Act. Under the existing Inland Waters Act, public hearings are required to be held by the respective water boards. In the new legislation, where minor licences are concerned, public hearings will not be mandatory, but we will expect the chairman and the members of the water boards to take into consideration any concerns that might be expressed by the public with respect to broader environmental consequences. If those concerns are triggered, appropriate screening would have to be initiated under the environmental assessment and review process.

I am told that there has only been one major northern mining project referred to an EARP panel to date. That was the Baker Lake uranium mine which I think you could imagine would be, for obvious reasons, of a broader interest than that which pertains to the use of water.

I believe there is an adequate linkage built in between this proposed legislation and the broader environmental review process.

Senator Hays: My last question has to do with notes that I have received to the effect that some native communities that are still in the process of settling land claims in the Yukon would prefer that the bill which applies to the Yukon not be passed at this time, or at least not be finalized until after their land settlement is finalized. If that is the situation, why is the government not responding to it?

Mr. Siddon: In fact, senator, there was quite an extensive debate on this question when the bill was before the legislative committee and then the Committee of the Whole in the House of Commons. In some of the land claims agreements under negotiation there is provision—and the federal government has accepted the request—that laws adopted under first nations government, or which are incorporated in land claim settlement agreements, will take precedence over existing laws of general application.

• (1700)

Because we have negotiated an umbrella final agreement, and we are in the process of negotiating final band agreements with individual Yukon First Nations, the Council of Yukon Indians has suggested that this principle of paramountcy be incorporated in the present legislation, Bill C-52 in this case since it pertains to Yukon, in anticipation of concluding the land claim agreement.

There was an attempt in the other place to amend Bills C-51 and C-52 to recognize the paramountcy of aboriginal land claims agreements where those agreements provide for special authorities or recognition of aboriginal rights. Our response to that suggestion has been that we cannot anticipate a land claim agreement until it is signed. The Government of Canada will certainly live up to all its undertakings as provided for in such an agreement, but the agreement in itself has no weight or force in law until the settlement legislation is enacted by Parliament.

When the land claim agreement is concluded and the settlement legislation, or the self-government legislation as the case may be, is brought to Parliament, our undertaking in each case is to clearly incorporate in that legislation consequential amendments to this legislation to accommodate those special circumstances within the territories that would be the subject of that land claim agreement. We did not feel it would be proper practice to anticipate such agreements until they had been negotiated, ratified and brought to Parliament.

Senator Kinsella: May I have a brief explanation of the words set out in clause 33, which state:

> The Governor in Council may make regulations
>
> (*a*) on the recommendation of the Minister and the Board,

What do you envisage in practice for both boards? In clause 10 the bill allows for a range of four to nine members. What do you envisage in terms of the size of the two boards?

Mr. Siddon: Senator Kinsella, as I indicated in response to Senator Adams, I would like to ensure adequate representation of all interests with which a particular board might deal. Those interests might be different in Yukon than in the Northwest Territories.

My guess is that the number of members would be somewhere between six and nine. For example, in the Northwest Territories, we would have to be concerned with the Dene people, the Métis people, the Inuit people, as well as the Government of the Northwest Territories, the mining industry, prospectors and environmental interest groups. Somehow, we would have to reflect this range or complexity of interests in the structuring of the water board as a result.

Could you repeat the first part of your question, senator?

Senator Kinsella: Is it right that under clause 33 the regulations may only be made on the recommendation of both the minister and the board?

Mr. Siddon: It has been explained to me, senator, that that provision only applies to the particular matters delineated under clause 33, subclauses (*a*) and (*b*), that is, those which deal with water management areas consisting of river basins or other geographical areas and substances and classes of substances. They are matters in which the expertise of the water board would have significant bearing. The minister should not make decisions on regulations without at the same time taking into account the expertise of those who sit as members of the water board.

Senator Frith: That will give you some idea, minister, of how we handle simple, non-controversial, unanimously supported bills.

Mr. Siddon: Senator Frith, I would not want to make any comparisons to the other place in responding to your comment. I find it quite cordial around here. One wonders if one would have to be elected to arrive in this place.

Senator Murray: Honourable senators, the minister is always welcome here in the unreformed Senate of Canada. On that pleasant note it remains only for me to thank him and his officials for their attendance before the committee, for his explanations and for having dealt so thoroughly with the questions that honourable senators put to him.

Thank you, minister.

Hon. Senators: Hear, hear!

The Chairman: Honourable senators, is it your wish to dispense with clause-by-clause consideration of the bills?

Hon. Senators: Agreed.

The Chairman: Shall I report both bills without amendment?

Hon. Senators: Agreed.

The Hon. the Speaker: Honourable senators, the sitting is resumed.

REPORT OF THE COMMITTEE OF THE WHOLE

Hon. Nathan Nurgitz: Honourable senators, the Committee of the Whole, to which was referred Bill C-51, respecting water resources in the Northwest Territories, has examined the said bill and has directed me to report the same without amendment.

THIRD READING

The Hon. the Speaker: When shall this bill be read the third time, honourable senators?

Hon. John Lynch-Staunton (Deputy Leader of the Government): With leave, now.

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

Hon. Senators: Agreed.

Motion agreed to and bill read third time and passed.

Hon. Nathan Nurgitz: Honourable senators, the Committee of the Whole, to which was referred Bill C-52, respecting water resources in the Yukon Territory, has examined the said bill and has directed me to report the same without amendment.

THIRD READING

The Hon. the Speaker: When shall this bill be read the third time, honourable senators?

Senator Lynch-Staunton: With leave, now.

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

Hon. Senators: Agreed.

Motion agreed to and bill read third time and passed.

[*Translation*]

ROYAL ASSENT

NOTICE

The Hon. the Speaker informed the Senate that the following communication had been received:

RIDEAU HALL

June 23, 1992

Sir,

I have the honour to inform you that the Honourable Gérard La Forest, Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, will proceed to the Senate Chamber today, June 23, 1992, at 5.45 p.m., for the purpose of giving Royal Assent to certain bills.

Yours sincerely,

JUDITH A. LAROQUE
Secretary to the Governor General

The Honourable
The Speaker of the Senate
Ottawa

[*English*]

CRIMINAL CODE

BILL TO AMEND—THIRD READING

Hon. Nathan Nurgitz moved the third reading of Bill C-70, to amend the Criminal Code (jury).

Motion agreed to and bill read third time and passed.

AN ACT TO AMEND CERTAIN ACTS IN RELATION TO PENSIONS

AND TO ENACT THE SPECIAL RETIREMENT ARRANGEMENTS ACT

AND THE PENSION BENEFITS DIVISION ACT

SECOND READING—DEBATE ADJOURNED

On the Order:

Resuming the debate on the motion of the Honourable Senator Teed, seconded by the Honourable Senator Simard, for the second reading of Bill C-55, An Act to amend certain Acts in relation to pensions and to enact the Special Retirement Arrangements Acts and the Pension Benefits Division Act.

Hon. Royce Frith: Honourable senators, I want to make a few observations about Bill C-55, after which I hope the bill will be given second reading and referred to committee today.

Honourable senators, it is no secret that the proportion of Canada's population generally described as "elders" or "seniors" is increasing. It has been reported that this trend is responsible for the CBC's decision to move *The National* and *The Journal* up one hour from 10 p.m. to 9 p.m., the theory being that baby-boomers are going to bed earlier these days.

These baby-boomers will soon be ready to retire. Retirement is often said to be the golden age when people enjoy the fruits of their lifelong labour. However, there is the other side of the coin to retirement and that is the financial-planning side. Besides doing the things planned for over the years, retirees must take into account that they will be on a fixed income for the rest of their lives, usually lower than the income to which they were accustomed.

Governments have a particular role to play with respect to the financial position of retirees. They must provide a framework for pension plans to ensure a stable financial setting for Canada's older citizens.

Through legislation, the federal government regulates standards for pensions. First, the Pension Benefits Standards Act defines minimum standards for pension plans for federally-regulated employers, while, second, the Public Service Superannuation Act regulates the pension plan for federal public servants. The third general area is the Members of Parliament Retiring Allowances Act which deals with pensions for members of Parliament.

Bill C-55 deals with the Public Service Superannuation Act, the Members of Parliament Retiring Allowances Act, the Canadian Forces Superannuation Act, the Royal Canadian Mounted Police Superannuation Act, and the Supplementary Retirement Benefits Act. I will try to confine my remarks to the first two of these, that is PSSA and MPRAA.

The most recent Public Service Commission Annual Report indicates there are approximately 212,000 full-time employees in the federal public service. These are the people who run the approximately 70 federal departments and agencies which deliver government programs to Canadians. It is important that those who are attracted to the public service and who make their careers there are highly qualified people. The Commission partially ensures this by relying on the merit principle in selecting candidates.

In the private sector, qualified candidates are usually attracted by the offer of higher wages. In the public service, we seek to do this by offering a combination of competitive wages and benefits. One of those benefits is the pension plan.

Bill C-55 has, as its purpose—and I think this is important—the promotion of equality and fairness in pension legislation. It proposes to do this by amending legislation which covers the federal public service pension plan and the Members of Parliament pension plan.

With respect to the public service pension plan, the bill attempts to introduce fairness by dealing with issues such as pension-credit splitting on marriage breakdown, allowing part-time employees to contribute to the pension plan, and improving the leave-without-pay provisions vis-à-vis pension contributions.

Senator Teed covered these but just to remind you, the current legislation does not allow for the splitting of pension credits in the event of the breakdown of a marriage or common-law relationship. In today's society, divorce and common-law relationship breakdown is a more common occurrence than it has been in the past. The bill before us recognizes this trend and attempts to bring an element of fairness to the respective financial positions of the former partners. Again, we underline the word "fairness" which is the sought-after leitmotif for this legislation. It would permit the division of plan members' pension benefits at source. With a spousal agreement or court order, up to 50 per cent of the pension credits could be transferred to a retirement savings vehicle for the spouse. The plan member's benefits would be adjusted accordingly. This provision would place a portion of the pension benefits under the direct control of the ex-spouse, rather than having to rely on the goodwill of the former spouse to make pension payments every month.

While this is an improvement over the current legislation, further improvement would have been possible. It would still be applied for in the courts with the costs that go along with the court action. This act will establishe the right, but the enforcement requires resort to the courts. This indicates that the bill does not recognize the, to use a popular expression in another context, "inherent right" of ex-spouses to share in pension benefits.

On the second issue, another reality that the bill works toward realizing is the existence of part-time employees in the public service and their need for pension coverage. The Public Service Commission reports that approximately 5,500

employees in the public service are part-time workers. Currently, employees who work less than 30 hours per week cannot pay into the pension plan and, consequently, they cannot draw a pension when they retire.

Under this legislation, part-time employees who work a minimum of 12 hours per week would be able to pay into and receive benefits from the pension fund. Those employees would also have the option of buying back previous years of part-time service, as far back as 1980. All current and future part-time employees would be required to pay into the pension plan.

Note, they will be "required", which makes one wonder whether this requirement will cause any financial hardship on part-time employees who may have no interest or expectation of receiving a public service pension plan. It is a sort of compulsory check-off, and I am sure the committee will give consideration to that requirement.

● (1720)

My third and last point concerns periods of leave without pay. Bill C-65 also recognizes that circumstances may force an employee to take periods of leave from his or her job over the course of his or her career. It would allow employees on leave without pay for a period of more than three months to choose whether or not to count as pensionable service that amount in excess of three months. Again, it is a question of fairness. The employee is allowed by the bill to "buy back" the period and pay for it at a later date over a longer time frame. This is another provision that promotes fairness and equality in the Canadian workplace.

Although there are some good provisions in this part of the bill, there are a number of areas that could be looked at by the committee because they seem to have been ignored. For example, there is no indexing guarantee to ensure the future security of inflation protection. The bill also does not address the comparability of the rate of return of pension plan investments to private sector plans and does not discuss the basic plan design or its management. Perhaps we should ask ourselves whether we should go a little deeper, and whether we are not just skimming the surface of this problem and the application of fairness to its solution.

The last part of the bill that I should like to deal with is that concerning the Members of Parliament Retiring Allowances Act. Salaries and pensions for members of the House of Commons and senators seem always to be a sore point with the public —in fact, a sore point for everyone: The public, the media, and the members of the House of Commons and senators themselves. There are, and have been, many suggestions for pain killers with respect to this sore point.

In 1989, the Commission to Review Allowances of Members of Parliament examined the perception that parliamentarians are overpaid, overpensioned and underworked. The commission found, upon examination of that perception, that:

[Senator Frith.]

> By the very nature of their job, Members of the House of Commons face considerable pressures: 60- to 80-hour work weeks; no job security; considerable travel; no privacy; and demands from constituents, interest groups and political parties. In addition, parliamentary life is very difficult for members of either House of Parliament who have a family. It is easier for those MPs with grown or no children or those who are independently wealthy. They, however, are in the minority. Most MPs are middle-income earners with families. In this, they are representative of most Canadians.

I have no statistics, but I think that most senators would be so described.

The commission recognized the sacrifices many members of both houses make. They also recognized the need to attract capable persons to office. Thus, salaries for legislators are somewhat competitive with the private sector, while the pension plan recognizes the risks inherent in being a legislator.

How will Bill C-55 affect the pensions of members of the House of Commons and senators? Not very much. Primarily, the act would be amended by this bill in order to achieve compliance with the Income Tax Act.

Currently, MP's pensions accrue at the rate of five per cent a year, while senators' pensions accrue at the rate of three percent a year. The maximum allowed by the Income Tax Act, as of January 1, 1992, is two per cent. These pensions are collectible at any age after six years of service. However, tax rules require a reduction in pensions payable before certain age and service thresholds are met.

The bill would divide the current legislation into two parts: the Members of Parliament Retiring Allowances Account, otherwise known as RAA, and the Members of Parliament Retiring Compensation Arrangements Account, or the RCA. The RAA—that is, the Members of Parliament Retirement Allowances Act— would provide benefits permitted under pension plans registered with Revenue Canada under the Income Tax Act. The other one, the RCA— that is, the Compensation Arrangements Account—would provide benefits not permitted under plans registered with Revenue Canada under the act. There are no reductions in benefit levels or accrual rates, and there would be no change to the ages at which benefits are payable.

The bill does not work towards bringing fairness into legislators' pensions as MP's pensions will still accrue at a greater rate than that for senators.

That brings us back to the sore point. Because it is a sore point, it is not often that legislators have an opportunity to deal with their pension plans. If there is any unfairness or inequality as between the pension plans for members of the House of Commons and for the Senate—as I believe there is—then, colleagues, this is an opportunity to correct that unfairness rather than consolidate that unfairness and inequality.

In my own experience, this opportunity has only come up twice in 15 years. The last time the members of the House of Commons wanted to increase their pensions—they are unable to do so, of course, unless the statute providing that their pensions be changed be approved by the Senate—the inequality was pointed out. The government asked if senators had a specific set of studies and a refined plan to address and remedy the inequality. The senators did not. The government then said, "Get one and we will consider it." I am telescoping here; I have quite a large file on the subject.

I was Deputy Leader of the Government at the time. We set up a committee. We had the actuaries in and we studied all the costs of equalizing and found the costs to be low on an annual basis: a one time six-figure payment, and after that something like $35,000 or $40,000 a year—not per senator but for all senators in order to address the inequality.

We almost got the item cleared, but all the parties in the House of Commons could not agree. The bus door closed and the bus left. But the bus has just come around again, because we are dealing with amendments to the pension legislation.

For the record, here is how the pension arrangements compare, and here are the facts for the committee to consider. If the objective is to have the same plan as the House of Commons, the Senate plan would be a mandatory contribution of six per cent of basic salary; the House of Commons plan, a mandatory contribution of 10 per cent of basic salary.

With respect to maximum pensions, the rule for the Senate is 75 percent of the average of the best six consecutive years after 25 years. The maximum pension for the House of Commons is 75 per cent of the average of the best six consecutive years after 15 years. Accrual rate for the Senate is three per cent per year. Accrual rate for the House of Commons is five per cent per year. Of course, senators would need to make up whatever contribution was necessary in order to bring the plan up to the level of that of the MP's.

The current system has been said to be inequitable for some recipients. Of senators who are currently receiving a pension, 10 per cent receive less than $5,000 per annum. This is as of May 8, 1990. Approximately 55 per cent receive less than $15,000 per annum. Approximately 80 per cent receive less than $25,000 per annum. Of surviving spouses, 19 per cent receive less than $5,000 per annum; 63 per cent receive less than $10,000 per annum; 75 per cent receive less than $16,000 per annum; and none receive above $25,000 per annum.

An improved plan is possible. It would require amendments to the Member of Parliament Retiring Allowances Act. Amendments to that act are before us now, Parts I and III.

Honourable senators, my parting question is: Based on Bill C-55's alleged principle of fairness and equality, it seems to me that there is not fairness and equality in the pension plans as between the Senate and the House of Commons.

I leave it to the committee to consider that lack of equality and lack of fairness in that comparison, and offer to provide more detail of the information I have put on the record if the committee wishes to address it. I ask the committee to consider that question and in its report to us I hope that it will include some recommendations, including amendments if necessary, or if thought appropriate, fair and equitable, to remedy what is a long-standing inequity and unfairness in the pension provisions for members of the House of Commons and senators.

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?

On motion of Senator Lynch-Staunton, for Senator Teed, bill referred to the Standing Senate Committee on National Finance.

[*Translation*]

BANKING, TRADE AND COMMERCE

REPORT OF COMMITTEE ON CANADIAN FINANCIAL INSTITUTIONS TABLED

Leave having been granted to revert to Reports from Committees:

Hon. Jean-Marie Poitras: Honourable senators, I have the honour to table the twenty-second report of the Standing Senate Committee on Banking, Trade and Commerce as part of a special study of the proposed regulations arising from the new legislation to reform Canadian financial institutions.

This is the second interim report and it is on the transformation of mutual insurance companies in Canada.

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

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

● (1730)

[*English*]

LEGAL AND CONSTITUTIONAL AFFAIRS

COMMITTEE DESIGNATED TO REVIEW REGULATIONS PROPOSED BY CHIEF ELECTORAL OFFICER

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, Bill C-81, which was passed last night and to which Royal Assent will be given today, requires that a copy of each regulation that the Chief Electoral Officer proposes to make be deposited with the Clerk of the Senate and the Clerk of the House of Commons, and that these regulations then be referred to a committee of the House of Commons, and to a committee of the Senate to be chosen by the Senate.

To provide for this, I move the following motion: With leave of the Senate and notwithstanding rule 59(1)(*i*), I move:

That pursuant to subclauses (6) and (7) of clause 7 of Bill C-81, An Act to provide for referendums on the Constitution of Canada, the Standing Senate Committee on Legal and Constitutional Affairs be the designated committee to review the regulations proposed by the Chief Electoral Officer.

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?

Motion agreed to.

Senator Frith: Very prudent, and we will all infer that you are planning a referendum this summer.

THE SENATE

FELICITATIONS TO SENATORS AND STAFF

Hon. John Lynch-Staunton (Deputy Leader of the Government): Before moving the adjournment motion, honourable senators, which will include a date in September that we hope can be respected, we must nonetheless keep in mind in our summer plans the possibility of being called back in July or August to deal with the matter Senator Frith has just mentioned.

I want to thank all the employees of the Senate who have made our task that much easier over the last few months. As was the case at Christmas, I do not intend to name any one group or any one individual in particular. Unfortunately, for obvious reasons we are not able to be in contact with all of the personnel; so to those whom we see casually, those with whom we are in contact on a day-to-day basis, and those whom we hardly if ever see, I want to express appreciation for their excellent efforts on our behalf.

[*Translation*]

— and for meeting the requirements of each and every senator in order to make their tasks easier.

[*English*]

This session has seen a lot of legislation passed. It has been a productive few months, and it could not have been done without the cooperation of all senators.

Senator Molgat mentioned a few weeks ago that he was pleased that, in the last-minute rush, legislation was getting to this place a little faster than normal. I want to thank him and his colleagues for their cooperation, which allowed the legislation to get through. Positions have been maintained; arguments have been advanced. All the time necessary has been provided to debate each bill, and the results have been more than satisfactory.

[Senator Lynch-Staunton.]

[*Translation*]

SAINT-JEAN-BAPTISTE DAY

BEST WISHES

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, I would like to wish my fellow Quebecers an excellent, wonderful and happy national holiday tomorrow.

We in Quebec are very lucky compared to other Canadians. We can celebrate our belonging to Canada twice in a week; tomorrow we celebrate our pride in being Quebecers and next week, our pride in being Canadians.

That said—

[*English*]

ADJOURNMENT

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

Honourable senators, with leave of the Senate and notwithstanding rule 59(1)(*h*), I move:

> That when the Senate adjourns today, it do stand adjourned until Tuesday, September 22, 1992, at 2 o'clock in the afternoon.

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. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, I wish to say a few words to associate my views and those of my group with the words expressed by the Deputy Leader of the Government.

I particularly want to thank the staff. I know that this is a place of great uncertainty. You never know when things will happen and when they will not happen. You lay plans, and all of a sudden you must change them. No one is affected more than the members of the staff. It is much more difficult for them than it is for the senators. We appreciate very much their continued support. They maintain a good, spirited attitude through it all and never seem to complain. We owe them a great debt.

Hon. Senators: Hear, hear!

Senator Molgat: Honourable senators, my comments apply, of course, to those staff members we see here in the Chamber and all the others whom we do not see but who support us throughout the year.

With respect to the comments regarding the work of the Senate, we have indeed accomplished a great deal. As I mentioned a few days ago, we received legislation from the other

place a little earlier than normal. I was not asked to give leave too frequently, and, when I was asked, it was under circumstances that were understandable. Honourable senators, that is a much better way to run our affairs.

I join in wishing all of you a very pleasant and well-deserved summer holiday.

Hon. Senators: Hear, hear!

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

Motion agreed to.

INFORMATION

ANNUAL REPORT OF COMMISSIONER TABLED

The Hon. the Speaker: Honourable senators, I have the honour to table the report of the Information Commissioner for the period ended March 31, 1992.

The Hon. the Speaker: Honourable senators, the Senate will now adjourn during pleasure to await the arrival of the Honourable the Deputy of His Excellency the Governor General.

The Senate adjourned during pleasure.

ROYAL ASSENT

The Honourable Gérard V. La Forest, Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy 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 Deputy Speaker, the Honourable the Deputy Governor General was pleased to give Royal Assent to the following bills:

An Act to amend the Canada Deposit Insurance Corporation Act and to amend other Acts in consequence thereof (*Bill C-48, Chapter 26, 1992*)

An Act to amend the Bankruptcy Act and to amend the Income Tax Act in consequence thereof (*Bill C-22, Chapter 27, 1992*)

An Act to amend the Customs Act, the Customs Tariff and the Excise Tax Act (*Bill C-74, Chapter 28, 1992*)

An Act to amend the Excise Tax Act and the Income Tax Act (*Bill C-75, Chapter 29, 1992*)

An Act to provide for referendums on the Constitution of Canada (*Bill C-81, Chapter 30, 1992*)

An Act respecting the use of foreign ships and non-duty paid ships in the coasting trade (*Bill C-33, Chapter 31, 1992*)

An Act to amend the Canada Mortgage and Housing Corporation Act and the National Housing Act and to amend another Act in consequence thereof (*Bill C-82, Chapter 32, 1992*)

An Act respecting the status of the artist and professional relations between artists and producers in Canada (Bill C-7, Chapter 33, 1992)

An Act to promote public safety in the transportation of dangerous goods (*Bill C-45, Chapter 34, 1992*)

An Act to amend the Oil and Gas Production and Conservation Act and other Acts in consequence thereof (*Bill C-58, Chapter 35, 1992*)

An Act respecting the energy efficiency of energy-using products and the use of alternative energy sources (*Bill C-41, Chapter 36, 1992*)

An Act to establish a federal environmental assessment process (*Bill C-13, Chapter 37, 1992*)

An Act to amend the Criminal Code (sexual assault) (*Bill C-49, Chapter 38, 1992*)

An Act respecting water resources in the Northwest Territories (*Bill C-51, Chapter 39, 1992*)

An Act respecting water resources in the Yukon Territory (*Bill C-52, Chapter 40, 1992*)

An Act to amend the Criminal Code (jury) (*Bill C-70, Chapter 41, 1992*)

An Act to amend the Airport Transfer (Miscellaneous Matters) Act (*Bill S-11, Chapter 42, 1992*)

An Act to amend An Act to incorporate the Northwest Canada Conference Evangelical Church (*Bill S-9*)

An Act to incorporate Green Shield Canada (*Bill S-10*)

An Act to amalgamate The Montreal Board of Trade and The Chamber of Commerce of Metropolitan Montreal (*Bill S-12*) The Honourable Andrée Champagne, P.C., Deputy Speaker of the House of Commons, then addressed the Honourable The Deputy 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 bills:

An Act for granting to Her Majesty certain sums of money for the public service of Canada for the financial year ending the 31st March 1993 (*Bill C-87, Chapter 43, 1992*)

To which I humbly request Your Honour's assent.

The Honourable the Deputy Governor General was pleased to give the Royal Assent to the said bills.

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 Hon. the Speaker: Is it your pleasure, honourable senators, to ignore the clock?

Hon. Senators: Agreed.

TRANSPORT AND COMMUNICATIONS

SUBJECT MATTER OF BILL C-62, RESPECTING TELECOMMUNICATIONS—CONSIDERATION OF REPORT OF COMMITTEE—DEBATE ADJOURNED

The Senate proceeded to consideration of the Ninth Report of the Standing Senate Committee on Transport and Communications (Subject-matter of Bill C-62, An Act respecting telecommunications), presented in the Senate on June 22, 1992.—(*Honourable Senator Oliver*).

Hon. Donald H. Oliver moved the adoption of the report.

He said: Honourable senators, yesterday I had the honour to present the Ninth Report of the Standing Senate Committee on Transport and Communications which deals with Bill C-62, an act respecting telecommunications.

This report, adopted unanimously by the committee, represents the culmination of many hours of hearings and long hours of work on the part of senators who participated in the pre-study. The importance of the subject matter of this bill is such that I wish to comment on the process the committee went through and on the report that was tabled.

The committee had the advantage of having the services of several excellent researchers and technical assistants: Professor Hudson Janisch, a well-known Canadian authority on telecommunications; Mr. René Lemieux; Mrs. Susan Alter; and Mr. Bruce Carson.

Our committee conducted a pre-study of Bill C-62. As you know, the pre-study process began some 20 years ago in this place with Senator Salter Haydon, who chaired the then National Finance and Banking Committee. It is a process whereby the subject matter of a bill may be studied by the Senate while the bill is still before the House of Commons. It works best when the bill is complicated but the subject matter is not politically controversial, which, I believe, is the case with Bill C-62. Certainly, I am hard pressed to think of an area which is more complicated. We were particularly fortunate in the pre-study in that Bill C-62 had only received first reading in the House of Commons. Our committee was then perfectly placed to offer recommendations or amendments which could be adopted by the house during its committee stage of the bill, after second reading.

I am aware that pre-study has not been common in this place since 1984. I believe it should become commonplace again. It allows the Senate to efficiently and effectively fulfil its legislative function in Parliament. As well, it gives the Senate a meaningful role in the policy-making process of the central Parliament. If we can study the subject matter of legislation prior to either approval in principle, or the commencement of committee stage in the House of Commons and make meaningful recommendations, then we are performing a legitimate legislative function. I believe this bill will benefit from the committee's deliberations and that more ministers should consider sending their bills to the Senate for pre-study.

During the period from May 14, 1992 to June 8, 1992 the committee held public hearings. More than 90 witnesses attended, representing 39 organizations. We were particularly fortunate with the high calibre of information and insights elicited during this process. The witnesses, rather than simply answering prepared questions with prepared answers, actually entered into a dialogue with members of the committee. The pros and cons of each clause were debated back and forth between senators and witnesses. Many witnesses approached me privately after the hearings to comment on the high quality of debate and the fact that they were eager to supply as much information as the committee needed in order to write its report. For example, representatives of Stentor, formerly Telecom Canada, stayed with us for approximately an hour beyond their scheduled time in order to give us as much information as possible and to answer our questions.

I wish to thank both the Minister of Communications, the Honourable Perrin Beatty, and representatives from the CRTC for appearing twice before the committee. Not only did they appear on two occasions but they undertook to answer, and in fact did answer, written questions put to them by the committee.

We felt our hearings and subsequent deliberations over our report took on an added importance because the minister informed us that he was looking forward to receiving our recommendations and would not hesitate, provided they did not go towards the pillars of the act, to incorporate them into the bill through amendments put in the House of Commons.

In addition to the minister and the CRTC representatives, we were fortunate to hear witnesses who represent every facet of the telecommunications industry. Their presentations and briefs were extremely useful. They will certainly prove to be useful in the other place during its study of Bill C-62.

At the risk of leaving someone out, we found particularly helpful the briefs presented by Telesat, Stentor, Rogers Communications and the Media and Communications Law Section of the Canadian Bar Association. These witnesses not only commented on the legislation, but prepared amendments to the text. As well, representatives from all the major trade associations appeared before us, including those from the resellers.

We also benefited from the appearance of the Consumers Association of Canada and four unions involved in the telecommunications area, including the Canadian Labour Congress. All of these witnesses were particularly forthcoming and helpful; and when we asked for follow-up material to be delivered to us, invariably it arrived in a timely fashion and was of great use in the writing of our report.

Virtually all sectors and regions of the country have said that this legislation is a priority. Business representatives of consumers and numerous studies have all concluded that a modern and efficient legislative framework is crucial to Canada's competitiveness in telecommunications.

The Railway Act has regulated our telecommunications industry for the past 90 years. It was designed in 1908, an era of slow-moving, small and scattered markets. It now presents regulatory impediments to modern markets that must respond quickly to new business opportunities.

I would now like to deal with the specifics of our report. By way of introduction I believe it is important to consider the changing nature of the telecommunications industry in Canada. It employs over 125,000 people and generates over $21 billion in revenues. In 1990 the industry achieved a growth rate of 8.6 per cent after inflation, compared with a 0.3 per cent growth rate achieved by the national economy. As a percentage of GDP, the industry is larger than agriculture, twice the size of mining, and over four times the size of logging and forestry. It is Canada's leading high-tech industry.

The telecommunications industry is of vital importance to the other businesses in Canada. In order for other businesses to be competitive in world markets, it is necessary that we have the best telecommunications network possible.

It is of critical importance for Canada to have innovative and low-priced telecommunications services. This will only come, as Allen Taylor, the Chairman and CEO of the Royal Bank, expressed in a letter to the committee when he said, "If there is competition among service providers, then only with competition will competitiveness be achieved." The telecommunications industry in Canada is in a period of transition from monopoly to competition. Competition was, of course, spurred on by the recent CRTC decision in the Unitel case.

• (1800)

The commission in that case came down squarely in favour of "open competition" for all new carriers who could meet the entry rules laid down in the decision. Bill C-62 will have to be capable of accommodating, guiding and furthering this massive transition.

The committee in its deliberations, however, kept in mind that, in the furthering of competitiveness, we should not lose sight of the needs of the general public, including low-income Canadians. We recognized that balance must be found between ensuring and encouraging business competitiveness on a national and international scale and the need to ensure universal, affordable, reliable telephone service for Canadians.

We heard from witnesses of the "chaos" that followed deregulation in the United States and the break-up of AT & T. We are not deregulating in Canada, and we believe we can benefit from the experience in the United States.

Bill C-62, in typical Canadian fashion, attempts to find a middle ground. It provides for limited regulatory forbearance with some room for tighter forms of regulation. I believe it is only fair to say that, while much was made of the situation a few years ago in the United States, we heard no hard evidence of contemporary consumer dissatisfaction with competition in the United States.

What clearly emerged in the hearings was a consensus that Canada needs comprehensive new legislation to ensure that it reaps the full economic and social benefits of its strengths in telecommunications.

Bill C-62 provides national legislation for a national industry. It grants the regulator the CRTC clear authority to forbear selectively from full regulation. It authorizes a more flexible and innovative regulatory process which is more responsive to the changing nature of the telecommunications industry itself.

This industry is almost fully Canadian-owned. It is a crucial agent of economic development—not only because Canada is growing, but because the services it provides are essential to the competitiveness of many other industries. Our financial institutions, transport companies, manufacturers, retailers, the service sector—and countless others—rely on an advanced communications systems to do business at home and to compete in world markets.

However, at the present time, with the Unitel decision in hand, Bill C-62 provides important restrictions on the ownership of major carriers in the telecommunications industry. Clause 18 of Bill C-62 provides that the major telecoms must have 80 per cent Canadian ownership. This will discourage AT & T coming into Canada to take advantage of the Unitel decision. Also, we have recommended that holding companies in the industry be at least two-thirds Canadian-owned.

These are the only restrictions on foreign ownership in telecommunications, and it is important that they be put into effect as soon as possible. With the Unitel decision and with no restrictions, telecommunications in Canada is vulnerable. It is of vital importance that this bill be proceeded with now.

The bill also responds to the Supreme Court of Canada's AGT decision of 1989 which granted exclusive jurisdiction over the major telecommunications carriers to the federal government. Subsequently, six out of seven provinces affected by that decision signed agreements with the federal government on telecommunications—that is close to 90 per cent agreement. It establishes, in the words of the Royal Bank, "one national telecommunications environment." We believe this to be of vital importance. Clause 3 of Bill C-62 places provincially-owned telecommunications companies within the scope of federal legislation.

The Province of Manitoba has reacted well to this new reality and has entered into a Memorandum of Understanding with the federal government. The implementation of this agreement awaits the passage of this legislation.

Although Bill C-62 is national legislation, applying to an industry that is national in scope, one of the most important aspects of this bill is that it recognizes that, because of the economic impacts of telecommunications, the provinces have

a legitimate interest in the development of Canada's telecommunications system. The government has, in part through Bill C-62, and in part through other measures, ensured that the provinces will be involved in the decisions that will shape Canada's telecommunications future.

This brings me to the problem of Saskatchewan. The Government of Saskatchewan, representing Sask Tel, is opposed to this legislation. This opposition flies in the face of recommendations made by the Saskatchewan Branch of the Consumers' Association of Canada and recommendations of the Prairie Task Force on Telecommunications. The Consumers' Association has stated that regulation must occur on a national level to avoid duplication and the possibility of contradictory findings at two sets of hearings held on the same subject matter. The Minister of Communications has also pointed out that, through national regulation, rates in Saskatchewan would be set as part of a public process. We regret that the Government of Saskatchewan denied access to the committee of the report of experts which we understand is positive in its support of national regulations.

The committee, in its report, has urged the Government of Saskatchewan to reconsider its position. I publicly request it to reconsider. The minister has offered to meet with officials in Saskatchewan in order to draft a MOU satisfactory to Saskatchewan. We understand that Saskatchewan is concerned with Section 7, the objectives section of the bill. Your committee has suggested changes which, perhaps, could be considered by all parties.

Bill C-62 is vitally important to the telecommunications industry at this time. It creates vehicles, especially through regulatory forbearance, to encourage competitiveness. It establishes Canadian content rules for those who wish to enter the industry, and it establishes a national regime of regulations. These are all of tremendous importance, especially in light of the CRTC decision in the Unitel case, which I referred to before, which allows competition in the industry, as this will encourage new participants as we move away from the monopoly-based industry.

The Hon. the Speaker: Senator Oliver, under rule 27, your time is up. Of course, as usual, if senators wish to give unanimous consent, you may continue.

Hon. Senators: Agreed.

Senator Oliver: It is not my intention to repeat verbatim every recommendation of the report and the reasoning behind each recommendation. However, I wish to elaborate on a few—especially where the committee recommended substantive changes to the bill.

The committee supports the concept of placing policy objectives in the bill. By the linkage of policy objectives and regulatory powers, Parliament will have given the clearest possible guidance to those responsible for the implementation of the legislation. However, the committee was not impressed with the objectives as contained in the bill. The objectives did not emphasize competitiveness to the degree that the committee thought necessary. In some ways it reads like a grocery list. We have redrafted it and have included another draft given to us in an appendix to the report.

The committee believes that, through the creation of a competitive environment which is regulated by the CRTC in the fashion envisaged in this bill, Canada will be able to maintain affordable, reliable, universally accessible telecommunications service, and will still be able to advance to a leadership role in this industry in the world.

We expressed concern in the report with the potential that the bill creates for political interference with the quasi-judicial process of the CRTC through the power of direction, exemption and the vary or rescind power. The Minister has more discretionary authority over the industry than we believe is needed. We have therefore recommended that the exemption power be transferred to the CRTC; that the power to issue directives regarding national security, foreign policy, and international communications be eliminated from the bill; and that the "vary or rescind" power contained in clause 13 be changed to a "set aside or refer back" power. It might be worthwhile when the bill is being considered in the other place for them to examine the possibility of that "refer back" taking place before the "setting aside." In other words, if on the "refer back" the asked-for changes are not made, then the minister might consider setting the decision aside.

Bill C-62 seeks to establish a ministerial licensing regime for Canadian carriers. Your committee has recommended that the idea not be proceeded with. We believe that it would do nothing to enhance competitiveness and, in fact, would submit the industry to a totally unnecessary form of regulation. We note in our report that entry control, consultation with provinces and the enforcement of Canadian ownership criteria can be accomplished through other means, most notably the CRTC.

Your committee notes that forbearance is at the heart of Bill C-62. It allows competition to take place whenever competition is sufficient to ensure an open market. We have made recommendations that there be a presumption of forbearance where effective competition exists. We also heard from witnesses who stated that once forbearance is established, there should be a presumption against re-imposing regulation.

We also believe that with forbearance there is a positive role to be played by the Director of the Bureau of Competition Policy. We suggest that he be consulted in the exercise of exemption or forbearance powers.

Witnesses also suggested that when considering forbearance, the CRTC take into account the public interest. Senator Spivak was one who elicited this from a number of witnesses. The commission may also wish to examine local circumstances to determine whether competition exists and forbearance should be ordered.

The issue of the protection of privacy came up for discussion before our committee on a number of occasions. We recommended that the bill be amended to take into account the concerns expressed by the many witnesses. These concerns went far beyond the mere elimination of junk faxes and unwanted phone calls. Perhaps a new section could be placed in the bill giving the CRTC power to deal with this issue in the course of its regulatory procedures.

Your committee recommended that a time limit be placed on the CRTC for the making of decisions. This may be another area that could be looked at in the other place. It has been suggested that perhaps a more positive way to deal with regulatory lag is to develop measures to speed up the decision-making process. Alternatively, a presumption could be established in law that a matter is approved until a study is completed showing that it should not have been approved.

In conclusion, recent events make it even more urgent that we deal with Bill C-62. In its decision of June 12 on competition and long distance service, the CRTC underscored the strategic importance of telecommunications to the efficiency and competitiveness of the Canadian economy. The commission further determined that increased reliance on competition is the best means of meeting the future needs of Canadians. Without Bill C-62, we would have the undesirable result of a competitive marketplace subject to legislation and designed for the regulation of monopolies. Unnecessary regulatory requirements would dilute the benefits of competition.

We live in a time when technological change takes place at an ever-increasing rate. What is unthinkable today is implemented tomorrow and then overtaken by some other invention a week later. We must move in the direction of allowing competitiveness a place to thrive. Government must step back from its position of regulating every aspect of the industry and let the marketplace affect business and business affect the marketplace.

We believe this bill is a first step along the way to creating an environment where competitiveness can flourish. We also believe that the Canadian goal of universal, affordable telephone service can still be maintained. I urge the government to proceed with this bill, but at the same time urge the government to consider our recommendations very carefully and to incorporate them.

I thank you, honourable senators, for letting me exceed my allotted time.

Hon. B. Alasdair Graham: Honourable senators, I will begin by congratulating Senator Oliver for the expeditious way in which he presided over the committee deliberations on what is obviously a very complicated piece of legislation. I want to commend other honourable senators who participated in a very meaningful way.

I also had quite extensive remarks on this particular bill but, in view of my interest in speaking on another report from this committee, I will confine myself to just a few concerns that we have noted. It may be that I will be able to get back the time that I give up at this time.

As Senator Oliver said, this has been a very exhaustive study. We spent long hours and days examining this bill in a comparatively short period of time. We have heard from a range of industry representatives, from unions, from groups representing low-income Canadians and so on.

It would be worthwhile, I suggest, for all honourable senators to examine that very extensive list of witnesses. I think it is fair to say that we have advanced Parliament's understanding of telecommunications issues in a very meaningful way. We, of course, hope that our insights and suggestions for improvement will not only help deliberations in Parliament but also the debate among Canadians on the issues at stake in this dynamic telecommunications environment.

I do hope that this is not the last time we address telecommunications issues in Parliament because we have certainly learned that this industry's rapid pace of evolution and its tremendous economic impact requires the constant attention of policy makers. I encourage colleagues in both chambers to keep this issue near the top of their list of priorities.

The committee did a very good job and members of the committee on this side welcome the report as a significant step in the development of a new framework for telecommunications in Canada, but we are cautious about some of the committee's recommendations and I would like to explain just a few of those concerns.

There are some points in the bill which require very serious discussion and review. The last word has obviously not been spoken, but we have not all reached the same conclusion on some issues, and we believe that further study is needed. This is not a minority report. I would call it, perhaps, our minority paragraph in order to transmit our concerns to Parliament.

That being said, let me now address some of the issues that we believe merit further consideration by Parliament in its deliberations on this legislation.

I think it is fair to say that there is still a debate over how resellers should be treated with respect to this bill. There are arguments by the industry that the present definition of resellers in the legislation would see them being regulated. I believe that the Department of Communications disagrees. We think the pre-study report serves to focus attention on this issue but we believe that further study is indeed required.

I also hasten to add the suggestion I have heard that resellers might be able to have their concerns met through the forbearance clause or the exemption power of the bill. Because these serious questions remain, we believe the issue of resellers should be the subject of further consideration.

We have a problem with the committee's recommendation with respect to removing any reference to sovereignty, to politics and to culture in clause 7, principally because there must have been a good reason to put them in the bill in the first place. We, therefore, cannot agree at this time that they be

removed. Instead, we would like to have further study done on the impact of both their inclusion and/or their exclusion.

With respect, we have not come to the same conclusion as the majority on the committee that the enactment of exemptions within the actual legislation is a good idea. Presumably, one of the benefits of being able to grant an exemption is that it can also be taken away if doing so is in the public interest, thus maintaining flexibility. Therefore, it seems to add a very high degree of inflexibility, in my judgment, to have legislated exemptions. We also transmit this concern to Parliament for further consideration.

• (1820)

Before agreeing with the notion of replacing the "vary or rescind" provisions of the Railway Act with the "set aside or refer back" proposal, as recommended in this report, we should encourage Parliament to hear further testimony on how this power would interact with the Power of Direction.

We have also come to the conclusion that further debate and discussion is necessary on the question of telecommunications company ownership requirements. In particular, we recommend that Parliament review the stated Government of Canada policy, since 1987, of an 80 per cent domestic ownership rule for these firms. Why, we ask, should this policy now be changed? Again, I look forward to a revisiting of this issue by Parliament, on behalf of all Canadians with an interest in a truly Canadian telecommunications infrastructure.

Finally, we have some concerns about the issue of granting a "presumption" of forbearance rather than, as the bill states, creating the ability of the CRTC to forbear or cease from regulation in areas where it deems appropriate. The question we raise is whether the presumption of forbearance is in the public interest. We simply would like to hear some additional discussion on this question, about its impact, about the impact of not having a "presumption" of forbearance in the act, before going forward.

With that, honourable senators, I feel we have come a fair way down the road in assessing what is a very important piece of legislation which, in the future, will have a profound impact on all Canadians. A tremendous amount of information has been assembled. Many key issues at stake in the information revolution are now on the public record.

We have been impressed by the ability of the telecommunications sector to contribute to Canadian competitiveness in world markets. We must, of course, be ever mindful of the role our telecommunications system plays in helping individuals communicate and share both the idea—and the ideal—of one Canada.

With these priorities in mind, I once again welcome this report, acknowledging that we have questions about some of its recommendations. I look forward to Parliament's thoughts and reflections on this constructive and valuable piece of work.

[Senator Graham.]

On motion of Senator Lynch-Staunton, debate adjourned.

BUSINESS OF THE SENATE

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Before we proceed further, honourable senators, was there not an understanding that consideration of the report on the Truro-Sydney line would be called now?

Hon. John Lynch-Staunton (Deputy Leader of the Government): Yes, I believe that we put that item on the Orders of the Day.

Senator Molgat: It should appear now, should it not, under Reports of Committees?

Senator Lynch-Staunton: It was ordered earlier that that report be put forward. This morning, the report was tabled and it was agreed that we would call it for discussion later in the day. I think this would be an appropriate time to do so.

CANADIAN NATIONAL RAILWAYS

CONSIDERATION OF REPORT OF STANDING SENATE COMMITTEE ON TRANSPORT AND COMMUNICATIONS CONCERNING DECISION TO SELL RAIL LINE—DEBATE ADJOURNED

The Senate proceeded to consideration of the twelfth report of the Standing Senate Committee on Transport and Communications concerning the committee's inquiry into the decision of Canadian National Railways to sell the main railway line between Truro and Sidney, Nova Scotia.

Hon. Donald H. Oliver: Honourable senators, I move the adoption of this report.

Hon. B. Alasdair Graham: Honourable senators, it is possible that I may go slightly over the 15-minute time limit. I would ask honourable senators in advance for leave, and their tolerance and cooperation in that respect.

This has been a long and very emotional trip. When I introduced a motion of inquiry into the potential sale of the Truro-Sydney line, I pointed out that the line is an active, living presence in our part of the world and that it is essential to our economic survival. If one considers the broad array of players in the ongoing story of the Truro-Sydney line—taking into account CN, the private shortline operators, the marketplace, the various levels of government and the public interest—I believe that if you then listed the principal players in the overall scheme of things, the public interest must always prevail.

I refer to the public interest in the context of the present and future economic development of Nova Scotia. However, I do not do so without the fullest realization that the issue of the Truro-Sydney line is, to a very important extent, rooted in our historic struggle for equity in Confederation.

Honourable senators, the past experience of Atlantic Canadians within Confederation has led many of us to recognize the value of eternal vigilance. At no time in my life have I been more aware of this than throughout this inquiry.

When the representatives of Peat Marwick testified before the committee, they advised honourable senators to accept the marketplace as the regulator of our affairs. I have always been distrustful of catch phrases such as "railway rationalization". Early in this century the catch phrase was "rate equalization". The old Intercolonial Railway was included in a symmetrical system in which a return on capital was the principal consideration. The symmetry proved to be misguided. In the immediate post-war years, such misguided symmetry led to disastrous consequences. A dramatic exodus of approximately 150,000 Maritimer and Maritime skilled workers began.

If one substitutes the word "marketplace" of today for the term "rate equalization" of yesterday, it becomes clear that such catch phrases possess a potential deadly significance. The real peril is faced by real people—they are the ones to be permanently disadvantaged by the lexicon of the day.

Honourable senators must remember that CN intends to sell, not lease, the 415 kilometre line between Truro and Sydney. They intended to do this as an overnight sale because, as they told us, they needed the cash. Once the line was sold, we were told, they were out of the railway business forever between Truro and Sydney.

The architects of the policy of rate equalization at the turn of the century would find the Vice-President of CN, Atlantic Canada, Mr. Marv Blackwell, an excellent companion and kindred spirit. The Crown corporation today believes a return on capital is the principal consideration, as did they.

We must not forget, honourable senators, that the Crown corporation has rights. More important, it has responsibilities. The Government of Canada, the people of Canada, have entrusted the operation and management of that line to CN. As long as it is in the national rail business, CN has the same responsibility to the citizens who live and work in the areas between Truro and Sydney as it does to the citizens between Montreal and Toronto.

If CN really needs the cash, it should begin by planning to acquire some real cash by selling off the Montreal-Toronto line, or privatizing the whole system.

Yet, CN feels we must accept its assumption that its right—yes, legally it does have that right—to sell the line precludes its responsibilities. The Crown corporation felt confident that this assumption would be accepted because up until now the federal government has aided and abetted a process of casual divestment. CN actively demarketed the line over the last few years, cutting back its sales personnel from seven to one. That has been their standard practice in Atlantic Canada, and that practice has generally preceded abandonment.

CN decided to sell the Truro-Sydney line because the sale process under the National Transportation Act was less cumbersome than the abandonment procedure. 3

That decision was irresponsible. A logical railway-road balance no longer exists in Nova Scotia. Our road system cannot stand the additional truck traffic generated by divestiture. It has been pointed out that one tractor-trailer does the equivalent damage of 9,600 automobiles to Nova Scotia's highways.

Honourable senators must remember that the Truro-Sydney line carries hazardous goods such as propane, chlorine and caustic soda.

I have called CN's decision irresponsible and I do so with the fullest appreciation of the fact that any act suggesting potential abandonment by a private entrepreneur would force that traffic onto our highways. I would suggest to honourable senators that the public interest is, therefore, in this case, the principal consideration. We cannot afford and we will not tolerate the suggestion that CN's expressed need for cash is the principal concern in this whole affair. The people of Nova Scotia do not tolerate this suggestion, and the Government of Nova Scotia does not and has not tolerated this suggestion. There are, you see, no existing guarantees in place to forestall any future attempt at abandonment by a private operator.

The Truro-Sydney line is our lifeline in eastern Nova Scotia. Mayor Manning MacDonald of Sydney made this point to the committee, as did the representatives of Sysco, DEVCO, and Stora Forest Industries. The president of Stora, Tom Hall, has said that if you tried to trade off roads for rails in eastern Nova Scotia, you would be building roads to nowhere.

Make no mistake about it. Nova Scotia is a poor province. We cannot afford the uncertainty generated by a transitional sale to an entrepreneurial organization whose sense of responsibility to the regional concerns of our part of the country is still an unknown factor.

To those who advise us to accept the premise that the marketplace will serve as a viable regulator of our affairs, I would ask only one question: Where are the guarantees? I would suggest to all honourable senators that there are none.

Allow me to explore this area just a little more as I now turn to the majority committee recommendations as tabled. The entire report was structured to support an argument for sale to a shortline operator. The perspective of the authors seemed to be that we should consider the interests of CN as the principal interests in this affair. We are told, for example, that there are only three options for the Truro-Sydney line: First, sale to a shortline operator; second, continued operation of the line by CN with possible application for abandonment at a future date; and three, government intervention to protect the line for the foreseeable future. The list of options illustrates my point about argument and perspective.

Another option, onewhich appears in the Liberal dissent, is based on the view that CN is a servant of the people of Canada, that it is not the master of the domain—it has been "entrusted" the line by the Government of Canada.

There is another very plausible option and it is that the Government of Canada continue to entrust the management and control of the Truro-Sydney line to CN. Moreover, the Government of Canada must direct, and it does have the power to

direct, CN to put adequate resources and personnel in place to ensure that the potential of the Truro-Sydney line is fully realized.

This has always been a thoroughly plausible option but one that the committee chose to ignore. We are asked to accept the veiled threat that, if forced to continue operation of the line, CN may apply for abandonment. We are asked to believe that this spoiled child—a creature of the people of Canada, their agent—will be allowed to exercise exclusive rights to divestiture without any parallel commitment to responsibility. We are asked to further believe that the federal government will serve as the instrument of the spoiled child and that it will intervene presumably after the horse has left the barn.

Upon conclusion of a sale to a private operator, the federal government will say that this line now operates under provincial jurisdiction, and is no longer the responsibility of the Government of Canada. It will be, of course, correct, in that position.

If the line ceases to be viable under shortline status, a status arbitrarily conceived by the authors—remember, the Truro-Sydney line is an historic part of the main line in this country —there will be no potential federal subsidy for the line even if its continued operation was critical to the defence of the public interest.

Again I ask those who ask us to accept the marketplace as regulator of our affairs to tell us where the guarantees are. Again, I suggest, there are none. Let me just refer to the majority recommendation number 1 which states:

> That the Government of Nova Scotia should urgently reconsider its present position and make every effort to ensure that a private shortline operator would be successful. The committee has examined the performance of shortline operators in both the United States and Canada and is persuaded that a private operator has a better chance of success than a line that continued to be operated by CN.

Honourable senators, the Government of Nova Scotia has taken a position not to grant a permit to a shortline operator. In the preamble to the majority recommendations, we are told that such a position is "intractable" and that this only adds to the "uncertainty for a region of the country deeply concerned about its future".

The Government of Nova Scotia has come to realize the jurisdictional implications of the intended sale. The province must establish regimes associated with the regulation, maintenance and adjudication of railways because that line will fall under its jurisdiction. At present, the province possesses an antiquated railway act and no railway expertise. It is hard to imagine the provincial position as "intractable" in such circumstances.

The province has come to recognize that unpreparedness is simply a recipe for disaster. It is simply a matter of common sense. You do not issue a permit to a private operator unless the regimes integral to the public interest—and incidentally the safety regimes that the federal government already has in place number over ten—unless they are solidly conceived and in place.

[Senator Graham.]

I remind honourable senators that the Truro-Sydney line is one of complex topography. It serves a diverse range of shippers, and it carries hazardous goods. The province of Nova Scotia should then be congratulated by the authors of the report for its prescience, not castigated as being unrealistic or intractable under the circumstances. The province cannot issue a permit to a private operator because the protective mechanisms vital to the public interest are not in place. We must all recognize the national implications associated with divestiture in an era of provincialization.

This issue is not one of great significance solely to the province of Nova Scotia. It is of critical importance to the province of Alberta presently revising its railway act—again after the horse has left the stable—and it is of equal importance to the province of Ontario in the aftermath of the sale of the Godderich-Exeter line and, indeed, to all other provinces in this country where similar divestitures are planned by CN.

I asked for one more day of hearings to provide us with testimony on the vital question of provincial regimes. I was denied that request. I deeply regret this because the Truro-Sydney line is but the tip of the iceberg and the heart of the issue is really the question of the relative states of unpreparedness of the provinces in the face of the so-called "shortline phenomenon".

I further dispute the assertion contained in recommendation number 1 that we were persuaded by the performance of U.S. and Canadian shortlines that a private sector operator has a better chance of success than a line continued to be operated by CN. Yes, we did hear from American witnesses. No, they could not relate their experience to the Nova Scotia scene. Indeed, no semblance of comparison exists between the American and the Canadian railway experiences. Tom Payne, President of CWR, an Alberta grain line, appeared before us. However, we could see no semblance of comparison between the CWR and the Truro-Sydney line. The fact is, CWR has been heavily subsidized and, after a recent Supreme Court decision, operates with non-unionized labour, and that in itself is important enough to raise serious questions about its value as a model for Nova Scotians.

Let me read majority recommendation number 2 which states:

> That, notwithstanding the refusal of the Government of Nova Scotia to issue a shortline operator an operating permit, it is in the best interests of those most concerned with the continuation of the service that CN proceed with its efforts to sell the line to the most qualified bidder. Lengthy delays in consummating a sale may result in a situation where traffic on the line has declined to the

> point where a successful shortline operation may no longer be possible. The Committee further recommends that the sale agreement should require that the railway right-of-way must continue to be maintained and that the land involved in the sale must not be used for non-railway purposes.

The last sentence is worthy of note. It is a pity it does not also protect the continued rights-of-way of property owners on either side of the tracks. The second recommendation is basically untenable, honourable senators.

It is both illogical and irresponsible to suggest that CN continue its efforts to sell the line when the province has indicated that it would not issue a permit to a shortline operator. I cite from Chapter 1 of the report, which summarizes the regulatory process:

> . . . the sale will be conditional upon the purchaser obtaining an operating licence from the province . . . indeed . . . the NTA will only approve the sale agreement . . . if the company acquiring the railway line has received all regulation approvals . . .

In this case, it would be from the province of Nova Scotia.

The Hon. the Speaker: Senator Graham, according to the rules, I must remind you of the time. Will senators give the Honourable Senator Graham the time to continue?

Hon. Senators: Agreed.

Senator Graham: I thank honourable senators.

Since there is no provincial readiness to dispense the kind of approvals that I just referred to, which are necessary under the NTA, the question is really a moot point. The recommendation continues to advise that lengthy delays in consummating the sale may result in a decline in traffic to the point where a successful shortline operation is no longer possible.

Let us look at the realities here. We have been told that the traffic on the line is in fact declining. That this has no doubt been the byproduct of CN's demarketing of the line—remembering that they went from seven sales persons to one — remains an important point. However, we are asked to believe that the lengthy delays in consummating the sale will lead to a further decline. The implication is that the line must be sold now. This flies in the face of all logic, but only partly because of the stance of the Government of Nova Scotia.

We are asked by the committee to take a monumental leap of faith. In spite of projected traffic decline, we are asked to believe that a private operator will make a long term commitment to a money-losing situation. The committee seemed so intent on assisting CN in bailing out from its marginally profitable line, the Truro-Sydney line—a line owned by the Government of Canada, the people of Canada, and a line entrusted to CN for management and operation—that they ask us to accept the implausible assumptions contained in Recommendation No. 2.

Finally, I will read Recommendation No. 3 from the majority report. It states:

> That if the sale of this line should be aborted or if the operation of the line by a private owner should fail in the future, for whatever reason, the Government of Canada must ensure continuation of service. The committee is of the opinion that a clear case has been made that the economic future of the region is dependent upon the continued operation of the line.

I fully agree with the assertion that a clear case has been made for the fact that the economic future of the region is dependent on the continued operation of the line. That is why the public interest demands an unequivocal guarantee. The problem is: potential financial failure of a private operator and/or possible abandonment.

The difficulty is that no such guarantees exist. It is not logical to assume that the Government of Canada will at some point step in again, after the horse is out of the barn, to ensure continuation of service. As I have pointed out earlier, this would entail a form of federal subsidization of a line under provincial jurisdiction. Indeed, it is a pity that the authors of the report did not read their own words only a page before.

In chastising the Government of Nova Scotia for demanding a federal guarantee and in rebuking the province for arguing that the line should not be sold unless the Government of Canada could provide a guarantee that the service be maintained, the authors argued this way:

> In light of these conclusions, the Committee is of the opinion that the position of the Government of Nova Scotia on the sale of this rail line is somewhat unrealistic, especially with respect to the possibility of federal government intervention to guarantee the future of the line at this time. Why indeed, would the government step in at this point?

It further states:

> It would appear that the Government of the Nova Scotia is relying totally upon the Government of Canada in this matter. It either wants the federal government to intervene immediately and guarantee the future of the line or, should NTA allow the sale to go through, to overturn its recommendation. Either of these options really means that the federal government would likely have to provide a subsidy to keep an unprofitable rail line in operation.

That thinking is persuasive. However, if the authors of the report had followed their own good sense as outlined on page 32, they could not possibly have arrived at the conclusion expressed in Recommendation No. 3.

Finally, honourable senators, the Liberal members of the committee disagreed with the majority recommendations set out above, as I just stated, and proposed the following:

> Whereas the Truro to Sydney line is an integral part of the "national railway" system;

Whereas rail transportation between Truro and Sydney is absolutely necessary to certain industries fundamental to the economic viability of eastern Nova Scotia;

Whereas the privatization of the Truro to Sydney line would relieve the Government of Canada of any obligation to assure both the continued operation and the safe operation of rail service between Truro and Sydney;

Whereas the privatization of the Truro to Sydney line would have the effect of imposing all or almost all the responsibility for ensuring both the regulation and continued operation of the line on the Government of the Province of Nova Scotia, a responsibility that Government has declined to assume;

We recommend that the National Transportation Agency consider making a determination that the privatization of the railway between Truro and Sydney would not be in the public interest.

Moreover we recommend that the Government of Canada continue to "entrust" the management and the control of the Truro to Sydney line to CN, and that CN be *directed* to put adequate resources and personnel in place to ensure that the potential of the Truro to Sydney line is fully realized.

I thank honourable senators for their tolerance and patience.

Hon. J. Michael Forrestall: Honourable senators, following Senator Graham's comments to a logical conclusion, we would have the government subsidizing, paying for and running everything in the country. I do not think he intends that, but listening to him, that is the impression that one is left with.

The committee faced some difficult decisions. The evidence that was placed before us in the final analysis gave us no indication whatsoever of several fairly salient facts. Indeed, their pertinency would lead me to suggest to Senator Graham that, as forceful as he has made his comments, it is somewhat wishful thinking and wishful thinking is not in the best interests of maintaining rail service between Truro and Sydney.

There are two or three factors that are quite apparent here. The first one is to be found in recent action by governments—that is, for those who care to recall, the last conversion of CN debt to equity. The government of the day made strong overtures and firm undertakings that were later in force that that was the last kick at the can by Canadian National. Similar advice was given on a number of occasions to Air Canada. That advice was that they just cannot continue to run up debt and come back to the government every seven or eight years for consolidation by way of conversion to equity.

That remains a fact. The Government of Canada has instructed Canadian National Railways to act in contemplation of good business practices and on profit. Having directed them to do that, it is hardly logical or sensible, the first or second time there is the appearance of a problem, to change your mind and tell them that they must do that which you have told them they could not do.

[Senator Graham.]

Honourable senators, it was quite clear—and indeed CN expressed this clearly—that CN feared it could not maintain a profitable service and would eventually have to apply to abandon the line. They made that very clear. They made clear the fact that it was only marginally profitable, not that they needed a massive cash infusion.

• (1850)

There was a comfortable arrangement between the Maritime office of Canadian National and its head office in Montreal with respect to cash, but that was not the be all and the end all, and was not the purpose for the action proposed by CN to put up for sale that particular line. It was because the line was marginally profitable, and, under existing laws, it was close to the capacity within law to abandon the line. It was so close that CN decided that, while the line was still healthy and marginally profitable, it would put the line up for sale expressing the firm belief, based on evidence —not just whimsical thinking—and based on the track record of short-line operators both in Canada and the United States that private operators, personally or directly involved, could do a better job than Canadian National itself, whose mid- and long-term business plans were dedicated and directed to the development of dense and highly-used rail lines in other parts of Canada—the maintenance of an active national line fed by an active and profitable feeder line service throughout the country.

Once an application has been made to abandon a line, then Senator Graham's reactions, understandable fears and concerns come into play, because by then it would be too late. By then we would have to turn to government—not necessarily the federal government, but to provincial governments and municipal governments.

As early as February 18, the committee considering this matter was clearly of the single, unanimous opinion that common-carrier rail freight service between Sydney and Truro must be maintained as long as there is a demand. It was to that opinion that we were addressing this report.

How is that service best maintained? There is not one single shred of evidence to suggest that the service in question is best maintained by Canadian National, who wanted to put the line up for sale—and who, indeed, have put it up for sale —and who told us clearly that, if the sale failed at some point in the not too distant future because of declining profits, they would apply for abandonment.

What do we do to be practical and helpful? We heard the province of Nova Scotia's adamant position that no matter what happened, it would not issue an operating permit. The Minister of Transport in Nova Scotia is presumably fully aware of that which he was talking about. His presumption, of course, is that, without an operating permit, there would not be a sale and CN would be obliged to continue.

The difficulty with that kind of thinking is that the government will not direct Canadian National to do today what it was told yesterday not to do. Until somebody comes in front of us and says, "Yes, the government is prepared to look at feeder lines," and "Yes, it is prepared to subsidize," we can only move forward on the understanding that Canadian National is very clear with respect to its intentions.

Uncertainty has crept into this issue. That is why we urgently recommend the province of Nova Scotia to reconsider its position. Uncertainty does not lend any strength to the sale; it does not help the sale at all.

The committee was not happy with the absence of safeguards. We did not feel that the safeguards suggested in the Peat Marwick report were safeguards at all. To suggest that the committee's report does other than indicate concern about the long-term viability of this area is not an accurate reflection. I wish the honourable senator had not gotten quite so carried away with it.

Honourable senators, Senator Finlay MacDonald—who chaired these sessions before he was forced to step aside for a few months—repeatedly reminded the committee and the witnesses that there did not appear to be any option other than a sale to the private sector. If there were other options, he requested the witnesses and members of the committee to provide those options—having listened to the evidence—other than the three recommendations based on the conclusions of the report.

Honourable senators, the recommendations are there. As Senator Graham has pointed out most eloquently, one of the positive aspects of the report is that it gives people across the nation an opportunity to have a look at what happens when Canadian National tinkers with active and economically necessary lines. We can express the well-founded hope that the people who care to read the report will find a struggle between the government directing Canadian National Railways to do something, and the committee coming to the only logical conclusion left open to it; that is, encouraging the sale of the line to a private operator. Should the private operator fail, then guarantees must kick in because there was no doubt in the committee's mind, going back to as early as February 18—that the common-carrier rail freight service between Sydney and Truro must be maintained as long as there is a demand.

Honourable senators, I believe that we have taken the right direction. The recommendations speak strongly to the question, and I would express, on Senator MacDonald's behalf, his regrets about not being here to participate. He would want to say to you that we have not seen the end of this question, but that we must approach it logically.

We must not let wishful thinking creep into this question, because we will not easily or readily convince the federal government, the Department of Transport and the Prime Minister of this country to tell Canadian National Railways that what we told them about operating in contemplation of a profit we did not mean at all.

Some Hon. Senators: Hear, hear!

Hon. John B. Stewart: Honourable senators, I agree with the dissent recorded at the conclusion of the report. However, there are three points which I wish to make, and I make them chiefly in response to what Senator Forrestall has just said.

• (1900)

He has told us that it would not be logical to ask CN Railway to act contrary to the instructions of the government. That brings up the whole question of privatization. CN was created as a national railway system to assure continued service on various precursor lines. We now have come to the point where the privatization of parts of that system is being considered. Surely, if the basic idea of having CN as a nationalized system service was to assure service, then the parts of the system that ought to be privatized first are those that are highly profitable, and the parts of the system that ought to be the last candidates for privatization are those that are only marginally profitable. Otherwise, what is the point of having CN as a publicly owned system? That whole question has to be thought through. It has not been thought through up to this time.

The second point is that the proposed sale of the line between Truro and Sydney is not simply a matter of privatization. When we talk about privatizing the portion of the CN system between Truro and Sydney, we are not talking only about privatization. We are also talking about provincialization. We are talking about the off-loading of jurisdiction and responsibility from the Government of Canada to the Government of Nova Scotia of a line of railway. That result may be an unintended result. Nevertheless, it is the result of privatization in this case, where both Truro and Sydney are within the same province.

I saw no evidence in the committee that the Government of Canada had anticipated that particular aspect of privatization. Privatization, yes, that had been thought through; but the fact that in a case like this privatization would entail provincialization had not been thought through. The jurisdictional question did not seem to have been anticipated, nor indeed did the attendant financial question.

Senator Forrestall has told us that if the line were to be privatized and then at some point in the future the question of abandonment came up, at that point guarantees must "kick in". I think those were his words. Guarantees by whom? Can we anticipate that at that point the Government of Canada is going to say, "We tried privatization; it has not worked; so now gratuitously we will come back on the scene and help the Government of the Province of Nova Scotia to discharge its responsibilities. That is a hope for which we have seen no foundation.

There is a third point that I would like to make concerning the majority report supported here tonight by Senator Oliver and Senator Forrestall. That point ties in directly with

provincialization. The report states that the committee recommends "that the government of Nova Scotia should urgently reconsider its present position and make every effort to ensure that a private shortline operator would be successful."

In other words, the majority of the committee has taken upon itself to say to the government of Nova Scotia, "We really know your business better than you do. You should acquiesce in this off-loading by Ottawa. You should acquiesce in this transfer of jurisdiction and responsibility. You should cooperate submissively."

Honourable senators, I think the majority is being presumptuous, if not impertinent, in undertaking to tell the Government of the province of Nova Scotia what it should do. I certainly would never agree to either the substance or the tenor of that recommendation. I cannot believe that the majority of the committee stopped for a moment to realize what they were doing.

Before I conclude, I should like to say that, for the most part, the work of the committee was well done. As Senator Graham has said, the work was truncated at the end.That was unfortunate because this proposed sale raises questions which are likely to come up again and again across Canada.

If the committee had had an opportunity to have carried its work through to the very end, the study done by the committee would have been invaluable as guidance in future cases; but that was not to be. The majority did not want it to be done.

The effort that Senator Graham has made is very commendable. I believe that all members of the committee would agree with me on that. He has done a good service to the Senate; he has done a good service to Nova Scotia.

The Senate should not accept the majority report. Rather, the Senate should accept the report put forward by the Liberal minority on the committee.

On motion of Senator Macdonald (Cape Breton), debate adjourned.

JUSTICE

CANCELLATION OF COURT CHALLENGES PROGRAM—DEBATE ADJOURNED

Hon. Dalia Wood rose pursuant to notice of Wednesday, June 10, 1992:

> That she will call the attention of the Senate to the cancellation of the Court Challenges Program.

She said: Honourable senators, I rise today because of the government's decision to cancel the Court Challenges Program. This program was of critical importance to equality-seeking groups because it provided modest funding for test case litigation of federal laws and regulations which groups and individuals felt were in violation of section 15, equality rights, of the Canadian Charter of Rights and Freedoms.

The Court Challenges Program gave disadvantaged groups and individuals the ability to use the rights guaranteed to them under the Canadian Charter of Rights and Freedoms and to enable challenges of government legislation which may violate these rights which are fundamental to our democratic system in Canada. Let us not forget that it was essential to minority groups in this country—to women, to disabled groups, to native groups and to multicultural groups—that whenever their rights were being infringed upon, they could turn to this program to obtain financial assistance; groups which this government has a preference to target.

By abolishing this program, the government is removing a unique mechanism that can and has been used by groups to defend their constitutional rights. Since the government's budget announcement to abolish the Court Challenges Program, I have received letters opposing the termination of the program from coast to coast of this great country of ours. For the record, the following is a list of concerned citizens whose letters have been received on the funding cuts. Because of the late hour I will not read them all: Bertha Wilson, Faculty of Law at the University of Ottawa; D.M. McRae, Dean of Common Law at the University of Ottawa; Marc Cousineau, Associate Dean of Common Law, University of Ottawa; Philip Bryden, President of British Columbia Civil Liberties Association; Roland Penner, Dean, Faculty of Law, University of Manitoba; Faculty of Law, University of British Columbia; Allan Hilton, Alliance Quebec; Commission Nationale Des parents francophones; Fédération Des Communautés Francophones et Acadienne du Canada; Native Women's Association of Canada; Gérard Lévesque, Directeur Général, Association des juristes D'expression Française de l'Ontario; Président, Société des parents pour l'éducation Francophone and from La Fédération des Franco-Colombiens.

These people have reminded us all that to attempt a challenge of federal legislation on Charter grounds is a very expensive proposition and can easily cost $100,000 or more. The Court Challenges Program was a low cost program, if we consider that during the past seven years the government, which was committed to spending over $8 million, only spent $4.9 million, or roughly $750,000 per year.

Since 1985 the program has received under its equality rights component 951 applications, 310 of which have been funded. Court decisions or reports have received 115 applications and there are still 156 active files. The discrimination topics speak for themselves. One hundred and fifty-five discrimination cases have received funding; 60 aboriginal applications have received funding and the list goes on for a total of 175 applications on other discrimination topics.

The language rights component, as you all know, is a very dear aspect to me. Let me list the achievements on this component. A total of 171 applications have been received. Court decisions or reports have been received for 56 applications and there are still 27 active files. At the court level there are 77 cases. The breakdown on the topics of language rights are

education, legislative bilingualism, judicial rights, fundamental rights and language of work. On those topics, 90 cases have received funding.

As you know, honourable senators, many of the cases assisted by this program have had far-reaching effects. For example, the linguistic rights branch of the program has assisted in the clarification of constitutional language rights guarantees by financing important test cases. Take legislative bilingualism, section 133 of the Constitution Act, 1867, and its counterpart, section 23 of the Manitoba Act 1870. The Supreme Court stated that the purpose of section 133 was to "ensure full and equal access to the legislature, laws and courts for francophones and anglophones alike." The reference is Manitoba 1985, 1 S.C.R. 721 at p. 739.

Did that resolve the issue? Indeed not. The courts have been obliged to consider numerous instances. Legislative instruments that have been found to violate these constitutional provisions include Blaikie, 1979; Collier, 1990; Bilodeau, 1986; and Manitoba language rights 1985. Most recently, this issue was again considered by the Supreme Court in the Manitoba language reference 1992, and in the case of Rouyn-Noranda. In the area of language rights, I might mention the Ford Chaussure Brown judgment on freedom of expression and the right to use languages other than French on public signs in Quebec.

Minority language education rights presents special issues. While the Supreme Court in its judgment in Mahé provided a large and remedial interpretation of section 23, it did not address the specific remedies for individual cases. It viewed the matter of implementation of these constitutional rights to be undertaken on a case-by-case approach between individuals and the respective provincial governments. Needless to say, many issues remain unresolved and outstanding, issues that go to the actual access and quality of education available to many citizens and their children. In Quebec, the requirements enunciated by the Supreme Court have not been complied with.

The Chambers Task Force on English Language Education, whose report was recently deposited, had to petition the government once more to make good on this obligation to the English speaking community. The issue fundamentally is the right of Canadians to avail themselves of those rights to which they are entitled under the Canadian Constitution. Integral is the right to meaningful and real access to justice. The program as described above has afforded that opportunity, and has given meaning to the exercise by Canadians of their constitutional rights. To quote Alliance Quebec, "Where would the rights of Canadians be without the Court Challenges Program and where will they be without it?"

We must not leave out the unemployment insurance benefits for people over 65, federal language training programs, hate propaganda, fair pensions, importation and distribution of racist pins, the rape shield law, and the list goes on.

The abolition of the program would leave without a remedy hundreds of groups and individuals who have initiated court challenges at the trial level and those who have not yet had the opportunity to do so. The abolition of the program would also have a definitely negative impact on those groups and individuals who have initiated legal proceedings in a trial or appeal court. After the February 27 Treasury Board decision, many beneficiaries of the program would have preferred not to commence legal proceedings if they had known they could not receive financial support up to the conclusion of the proceedings and the exhaustion of their revenues. Therefore many of the cases that are at different stages of the program are dead.

If we compare cuts with increases or allocations in other areas of the federal budget, we begin to see the sad picture of the government's value judgments. At least this was a relatively low cost program that provided a guarantee for all Canadians that their rights would be respected and the democratic process would remain intact. The government has acknowledged in many ways that this was a very valid and useful program, since more than 300 cases have been heard so far. Assuming that the program served Canadians well for 14 years, I ask why it would no longer be useful in today's budget?

As a senator who sits as a Liberal, I was proud that the Court Challenges Program was specifically put together by a Liberal government in 1978. Created to deal with constitutional issues under the BNA Act and then extended to the 1982 Charter of Rights and Freedoms and then to section 15 of the Canadian Charter of Rights and Freedoms, the Court Challenges Program was originally intended to help citizens who wanted clarification of language rights through the courts. Financial assistance was provided to groups and individuals for test cases based on the language rights provision of the Constitution.

You must appreciate, honourable senators, that the program was intended to serve as a tool to promote our two official languages. Our country is going through a period of constitutional renewal. It is a process of inclusion through which we are still attempting to include an entire province in the Constitution of Canada.

• (1920)

The Charter of Rights and Freedoms is an integral part of our constitution. It is important that we understand that, with the removal of funding support to the Court Challenges Program, we have effectively made the Charter of Rights and Freedoms exclusive to those people who, financially, can afford to challenge it.

Disadvantaged persons will not be able to go through the courts to redress wrongs that may be perpetrated on them by arbitrary acts of the federal government.

Let me put it in perspective by comparing the United States to Canada. After 200 years of having a constitution, there continues to be litigation to determine the exact meaning of the American Bill of Rights. That is no less true with our Canadian Charter of Rights and Freedoms.

I therefore ask honourable senators to urge this government to seriously consider extending the program until other various avenues are explored. This government owes it to all Canadians.

Hon. Noel A. Kinsella: Honourable senators, I wish to thank Senator Wood for bringing this inquiry to the floor of the Senate along with the impressive data that surrounds the Court Challenges Program since its inception, for it concerns a matter of major importance for all Canadians. In lieu of the time, honourable senators, I will take the adjournment of this debate in my name.

On motion of Senator Kinsella, debate adjourned.

THE GOVERNMENT

RECORD OF GOVERNANCE—INQUIRY STANDS

On the Inquiry by the Honourable Royce Frith (Leader of the Opposition):

> That he will call the attention of the Senate to the disastrous record of the Conservative government.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): I am sure Senator Frith, if he were here, would proceed on this very interesting inquiry, so, under the circumstances, we would ask that it stand.

Inquiry stands.

NATIONAL FINANCE

THE "BIG LIE"—INQUIRY STANDS

On the Inquiry by the Honourable Royce Frith (Leader of the Opposition):

> That he will call the attention of the Senate to this Government's "big lie" about the federal deficit.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): As mentioned in relation to the previous matter, with the same observation and for the same reason, I would ask that this matter stand.

Inquiry stands.

BANKING, TRADE AND COMMERCE

COMMITTEE AUTHORIZED TO CHANGE DATE OF TABLING OF FINAL REPORT

Hon. John Lynch-Staunton (Deputy Leader of the Government), for Hon. Jean-Marie Poitras, pursuant to notice of June 18, 1992, moved:

> That notwithstanding the order of reference adopted by the Senate on December 17, 1991, the Senate Standing Committee on Banking, Trade and Commerce be authorized to table the final report on the special study on the draft regulations ensuing from the new legislation on Canadian financial institutions, no later than October 29, 1992.

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

Hon. Senators: Agreed.

Motion agreed to.

The Senate adjourned until Tuesday, September 22, 1992, at 2 p.m.

THE SENATE

Wednesday, September 9, 1992

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

Prayers.

SENATORS' STATEMENTS

GENERAL ELECTION

NUMBER OF DAYS LEFT IN CURRENT TERM

Hon. Royce Frith (Leader of the Opposition): Honourable senators will know that I would not have forgotten, and they will be pleased or displeased to hear that the election clock is still ticking. If the government of which Senator Murray is a member respects democracy, to use his words, Canadians will cast their ballot within 72 days. However, if, in the words of Senator Murray, the present government is cowardly and contemptuous of democracy, it can put the day of reckoning off for 458 days.

THE LATE HONOURABLE GEORGE JAMES McILRAITH

TRIBUTES

Hon. Royce Frith (Leader of the Opposition): Honourable senators, on Wednesday, August 19, at the age of 84, Senator George McIlraith passed away. He had had a long career, one filled with accomplishment and public service.

A lawyer by training, politics attracted George McIlraith early in his university years. In 1940, he was president of the Ottawa Liberal Association. That same year, he was first elected to the House of Commons to represent the riding of what was then known as Ottawa West. He was 31 years old at that time. He started then on what would today be called a roll—nine straight election victories. He never lost one.

Mr. McIlraith soon became, and remained, a well-respected member of the House of Commons, in the process acquiring the many talents that that job requires. There is no question that he cared deeply for his constituents, helping everyone who sought his assistance. Approximately 2,000 people, many of whom were affectionately called "George's people", attended a tribute in 1972 when he retired from the House of Commons.

Over the years, George McIlraith held many positions in the house, such as Parliamentary Assistant to the Right Honourable C.D. Howe, who was Minister of Reconstruction and Supply from 1945 to 1953. Mr. McIlraith was appointed a Queen's Counsel on May 5, 1953. He was the senior opposition trade critic from 1957 to 1963. In 1963, then Prime Minister Lester Pearson appointed him to cabinet as Minister of Transport.

George McIlraith became President of the Privy Council in February of 1964, where he was given responsibility to implement the recommendations of the Royal Commission on Government Organization. The same year he became the Government House Leader in the House of Commons and held that post with steady skill and devotion until 1967. His encyclopedic familiarity with parliamentary rules and traditions were useful to him and to his success in his position, and became a permanent part of his considerable reputation as a parliamentarian.

In 1965, he was appointed Minister of Public Works, in which position he was responsible for the operations of the National Capital Commission. He well merits the credit he has been given for the commission's successes, some of which we now enjoy during the time we spend in the national capital.

As a result of his work in this department, Ottawa now has the National Arts Centre, the Western Parkway, more than $50 million of downtown office towers including the National Press Building, a number of bridges including one that was named after him in 1972, and a chain of NCC parks.

On July 6, 1968, Mr. McIlraith was appointed Solicitor General for Canada, which position he held during the FLQ crisis.

In 1972 he retired from the House of Commons after serving as a member for 32 years, and was summoned to the Senate on April 27 of that same year.

Our colleague Senator Davey, in his book *The Rainmaker*, has described George McIlraith as someone who loved to talk. At page 93, he says:

> "How George loved to talk. He enjoyed great success as house leader primarily because he talked so much that the Tories—eventually driven to distraction—told George to do whatever he wanted, but just to stop talking! McIlraith reported to one Cabinet meeting armed with so many documents and books that he could barely carry them under his arm. He asked the Prime Minister if he should read them, or just summarize their content. 'Which, George,' said Pearson, 'will take longer?'"

George was relatively brief when he first spoke in the Senate. On May 15, 1972, only moments after having been introduced, together with Senators Norrie, Hicks and Graham, George McIlraith was prodded by Senator Flynn to speak to a message from the House of Commons which expressed agreement to amendments made by the Senate to a bill respecting the use of the expression "Parliament Hill". George McIlraith had sponsored this bill in the House of Commons, had spoken to it in that chamber, and now was invited to speak to it again in the Senate. If George was tempted to wax eloquently about

the legislation or about the unique position he found himself in, he resisted. He simply said:

> "I shall not speak about the bill because I think its purpose is self-evident, but I should like to thank honourable senators for the improvements, otherwise called amendments, made to the bill in this place before it procured final passage. I believe I should add nothing more on the subject tonight. I thank you."

His first speech in the House of Commons was similarly brief—only two paragraphs long; but after he grew comfortable, first in the House of Commons and then in the Senate, it is certainly true that he did not hesitate to express his views in a detailed fashion. He was a superb politician and politics dominated his life and his thought. He talked about it with enthusiasm and keen insight.

He often called on me, and I know on others, after his retirement. I had a great chat with him just days before he died. It was then evident to me, and to Jean Kerr, who was also a lifelong friend of George's, that his body was falling very far behind his bright and lively mind.

When George retired from the Senate in 1983, he was praised, and justifiably so, by members on both sides of this chamber. At the time of his retirement, Senator David Walker said, "Life is always pleasant when George is around . . .".

Well, with George now gone, life becomes somewhat less pleasant for us all, especially those whose lives are filled with politics, and, if Plato was right, that is all of us, because man is, after all, a political animal.

Hon. Lowell Murray (Leader of the Government): Honourable senators, the Leader of the Opposition in his tribute has given us an outline of the career of the late Senator McIlraith. It remains for me to say a few words of appreciation on behalf of the Prime Minister, my cabinet colleagues and honourable senators on this side.

The immediate family of the late George McIlraith, and his political family which is the Liberal Party of Canada, are justifiably proud of his life and of his rich legacy of public service. He brought honour and distinction both to his personal family and to his political family.

Those of us outside his personal and political families also rejoice in his legacy. As Canadians and as parliamentarians, we are its beneficiaries.

The public career of the honourable George McIlraith was, of course, remarkable for its longevity. Elected 10 times to the House of Commons, he was a member of that chamber for 32 years and of the Senate for 11 years. Still it is not for the length of his public service but for its quality that George McIlraith will be remembered. In the City of Ottawa and among his peers in Parliament, he was renowned for his devotion to his constituents, his concern for their problems as individuals, and for their common interest as a community.

[Senator Frith.]

The Leader of the Opposition made mention of some of the public facilities such as parks, bridges, roads and buildings in the National Capital Region that were built during Mr. McIlraith's tenure as Minister of Public Works. Many of these facilities are of aesthetic beauty and cultural significance. They are valuable assets to Canada and to the capital region. That they stimulated investment, employment and economic confidence and improved the quality of life of George's constituents only added to his satisfaction and pleasure in having built them.

George McIlraith's allegiance was not just to his constituents, nor even to the country alone, but to the democratic and parliamentary process; the process best able, as he often told us, to secure the liberty of the individual. Perhaps that devotion to our institutions is what made him such an exemplary party man and such an outstanding parliamentarian; a person whose adversaries were admirers, never enemies.

The speeches George McIlraith delivered in this chamber from 1973 to 1983 on the constitution, and on parliamentary reform in particular, show his mastery of these subjects, his profound understanding and profound respect for our institutions. The reforms he proposed—and there were many—were practical, timely and always based on principle. There is a philosophical coherence to his speeches on those subjects which makes them interesting, thought provoking and relevant 20 years after they were uttered.

In one of his speeches here, Senator McIlraith expressed his dismay that, as he put it:

> We have entering Parliament now a group of parliamentarians educated . . . in the political science faculties of our universities.
>
> . . . who have been taught that government is a science instead of an art, which it is in fact.

The honourable George McIlraith refined and practised the art of government with unsurpassed devotion and skill. To the student of government, Parliament and politics and to the aspiring practitioner, he was a model of what a parliamentarian would wish to be and should be.

Hon. Senators: Hear, hear!

Hon. John B. Stewart: Honourable senators, I should like to say a word or two about my late friend, the honourable George McIlraith. I was his parliamentary secretary when he was Leader of the Government in the House of Commons.

Three principal points come to my memory when I think back to his political career. One is that he was an assiduous grassroots politician. Reference already has been made to that quality by the Leader of the Opposition and by the Leader of the Government here today.

I could never sort out George McIlraith's motivation, whether he was so attentive to the concerns of the people of Ottawa because he was determined to get re-elected again and again, or because he enjoyed thoroughly meeting with people, talking with them and helping them. I suspect that the truth is

that he himself could not have sorted out that relationship if he had been challenged. Suffice it to say that it was very frustrating to go for a walk with George McIlraith because we would advance only about eight or ten paces before there would be a new conversation with yet another constituent.

The second thing I want to mention is his highly conscientious attitude toward the expenditure of public money. I could give several examples of that, but the one that comes immediately to mind was his reaction when the tenders came in for the first segment of the proposed fixed crossing to Prince Edward Island. I remember his reaction very well. He said, "There, that proves that you cannot trust the engineers." The lowest bid, as I recall, was approximately 100 per cent higher than the best estimate of the best engineers.

The third point I wish to mention, and Senator Murray got close to this one, was his ability as Leader of the House of Commons. His immediate predecessors, if I recall correctly, had been the Honourable Jack Pickersgill and the Honourable Guy Favreau. Mr. Pickersgill had his approach, Mr. Favreau had his approach, and Mr. McIlraith had his own approach, a very different approach.

Mr. McIlraith was not a bellicose leader. He avoided rigid positions. He did not even think harshly of those across the floor, even though they sometimes were frustrating—people like Mr. Diefenbaker and Gordon Churchill. No, he always thought well of them and spoke well of them. He understood that they too had their reasons and principles.

Mr. McIlraith practised the art of house leadership in a way that in the last few years seems to have been forgotten. He served the House of Commons well as the Leader of the Government; he served the government of the day very well; and he served the people of Canada well. Honourable senators, I have happy recollections of a man whom I am glad to say was a good friend.

Hon. Senators: Hear, hear!

THE HONOURABLE LORNA MARSDEN

TRIBUTES ON APPOINTMENT AS PRESIDENT AND VICE-CHANCELLOR OF WILFRID LAURIER UNIVERISTY

Honourable Royce Frith (Leader of the Opposition): Honourable senators, as we have all looked ahead wondering what the future holds for us as senators, one of our colleagues, perhaps showing remarkable prescience, decided some time ago that her future was not here. For her, it was academia, where, after all, she had already distinguished herself for most of her life. We all congratulate, I am sure, Senator Lorna Marsden on her recent appointment as President and Vice-Chancellor of Wilfrid Laurier University. On behalf of Liberal senators, and I suspect of all who sit in this chamber, I wish her all success in her new role.

Honourable senators, each of us has had the opportunity to work in some way with Lorna Marsden and to see firsthand the quality of her work. We know that she will make the same valuable contribution to the university as she has made with respect to everything else she has turned her talented hand and brain to.

Since being summoned in 1984, Senator Marsden has been active and dedicated in the work of the Senate. In 1989, she became Chair of the Standing Senate Committee on Social Affairs, Science and Technology, and she has been active on the Standing Senate Committee on National Finance for a number of years. Under her tutelage, the committee published a number of important reports, including *Accessibility to the Hospital Services—Is there a Crisis?*, *Child Poverty and Adult Social Problems*, and *Children in Poverty: Toward a better future.*

During her eight and one half years in the Senate, the honourable senator has made many well-informed, penetrating and articulate contributions to debate on many pieces of legislation and on a wide variety of issues through Inquiries and in Question Period, including such subjects as the GST, the Canada Pension Plan, child poverty, and violence against women.

However, the Senate is but a line on a long list of achievements in Lorna Marsden's life. Her first degree from the University of Toronto was in 1968. She completed her second degree, a Ph.D. in Sociology, at Princeton in 1972, and she holds an Honourary Doctorate of Laws from the University of New Brunswick.

Upon completion of her doctorate in 1972, Senator Marsden became a member in the Department of Sociology at the University of Toronto. Senator Marsden served as Chair of that university's Department of Sociology from 1977 to 1979 and Associate Dean of the School of Graduate Studies in Social Sciences from 1979 to 1982. She was Vice-Provost, Arts and Sciences, in 1983.

The research that Senator Marsden has undertaken as part of her scholastic pursuits has contributed largely to the area of social change in Canada. Her major publications include *Lives of their Own: The Individualization of Women's Lives* and *The Fragile Federation: Social Change in Canada.* She has also written a number of articles, including "Feminist Influence through the Senate: the Case of Divorce", "New Machines in Small Offices: Gender Technology and Communication", as well as articles on affirmative action, tax reform, and the baby-boom generation.

I am told that she is currently working on a book about the first 13 women senators.

• (1420)

Senator Marsden is also a force in the women's movement. She served as a member of the Ontario Committee on the Status of Women from 1971 and as president of the National Action Committee on the Status of Women from 1975 to 1977. For years, we in the Senate have counted on her—as well as many other similarly concerned women senators—to keep us informed of women's concerns and to bring women's issues to light in debate.

Senator Marsden has been active in the community at large as well. She was a member of the editorial boards of the *Parliamentary Review*, *Canadian Studies in Population*, the *Canadian Journal of Sociology*, and the *Journal of the Addiction Research Foundation*. She is also a trustee for the Elsie Gregory MacGill Foundation, which supports the advancement of women in engineering, and is a member of the Advisory Board of Women in Education Administration in Ontario.

Senator Marsden was a founding member of the Board of Child, Youth and Family Policy Research Centre in 1986 and she remains a member of the executive committee.

Honourable senators, Wilfrid Laurier University's gain is our loss. Senator Marsden brought so much knowledge and experience to the Senate and worked very hard at her role as senator. Unfortunately, Lorna Marsden cannot be with us today, her resignation having become effective as of August 15 or September 1— certainly before today. She is thus personally unable to leave us with her parting thoughts. She asked, however, that I read into the record a statement that she sent to me, which I can do after the Leader of the Government has made his tributes and spoken about Senator Marsden on behalf of his side.

Hon. Lowell Murray (Leader of the Government): Honourable senators, by way of preparing for this occasion I reviewed in the pages of *Hansard* some of Senator Marsden's speeches in this chamber over the past eight years, as well as some of the exchanges I had with her during the Oral Question Period over the past six years. This exercise served to remind me how often I had disagreed with her, and how greatly I admire her.

For Lorna Marsden, political action is about ideas—that is, the advancement and implementation of ideas that would raise the standard of living and improve the quality of life of her fellow citizens, especially the disadvantaged. Any disagreement with her was always on means, not on ends to be pursued.

As the Leader of the Opposition has mentioned, Lorna Marsden has excellent academic training and a brilliant record. Her impressive academic credentials and her personal qualities of leadership have been recognized in her appointment to positions of honour and responsibility at the University of Toronto and by her election earlier this year as president of Wilfrid Laurier University.

What is most admirable about Lorna Marsden is that she has never confined her talents to the relative safety of the academic seminar, or to commenting on public policy from the sidelines. She brought her convictions, her commitment and her ideas to the policy process of her party, the Liberal Party, there to test them in the world of pragmatism, compromise and accommodation in which national political parties must operate. She operated with apparent ease and much skill in our parliamentary world, alert to all the competing priorities, the conflicting views and the many nuances of our world, never abandoning her principles but always prepared to cooperate with others in achieving objectives with which most of us are agreed.

[Senator Frith.]

● (1430)

The Honourable Lorna Marsden has been an excellent senator, and an asset to Parliament. Her departure is a loss to this place and can only be viewed with regret. I wish for her every happiness and satisfaction in her new office as President of Wilfrid Laurier University and I thank her for having given so much to Parliament with so much dedication and for the honour and pleasure of having served with her.

Hon. Jerahmiel S. Grafstein: Honourable senators, in the antechamber to this chamber there is a stone memorial of Senator Cairine Wilson, the first woman summoned to the Senate. Just as Senator Wilson led in her day Lorna Marsden leads in our day.

It was my privilege and one of the great joys of public office to be invited to escort her into the Senate when she took her oath of office, which now seems only a moment ago yet was eight and a half years ago.

Lorna Marsden is an extraordinary, talented, Canadian—a Liberal, social activist, champion of the disadvantaged, aesthete, author, pamphleteer, gardener, educator, speaker, legislator, executive, world traveller, policy advisor, network creator, counsellor and, above all, friend, par excellence. She has what someone has defined as genius: an infinite patience for detail. No job is too small; no activity is too demeaning for her to undertake, from phoning to knocking on doors, to stamping letters, to continually canvassing people engaged in any aspect of her multifaceted endeavours.

We will probably not see her like again, if measured purely on the universal contribution she has made to so many aspects of life in our time. She has left the Senate to return to her first love, academia, as President and Vice-Chancellor of a great Canadian institution bearing an even greater name, Wilfrid Laurier.

Our solace is that our loss will be Wilfrid Laurier University's grand gain. It may be a far, far better place she goes to than she has ever been. We can only hope—and we share her wishes—that it is a far, far better thing she goes to do than she has ever done.

May I convey to Lorna our best wishes for the future, and our appreciation for a bright, glowing, remembrance of things past.

Hon. Mira Spivak: Honourable senators, I want to add my good wishes and congratulations to those that have been given today to Lorna Marsden in undertaking her new career. I know she will do brilliantly and that she will take the same attributes to that particular office as she brought to the Senate. We will all miss her and I personally will miss her.

I agree with the words that speakers before me have said about her. There are no superlatives that can match her efforts in her work.

She will be greatly missed because she represented in this Senate a first-rate twentieth-century mind. We will have to strive mightily to fill the particular role that she played here. It was my great pleasure to serve with her on several committees, including the Social Affairs, Science and Technology Committee and the Subcommittee on Child Care. She was not only honest, intelligent, penetrating, efficient and practical in all the things she did—not to mention her great quality of leadership, but she of course shattered every myth about ivory tower intellectuals. She is truly a very distinguished Canadian, a great feminist, and a caring and wonderful person, and I wish her well in her new career.

Hon. Joyce Fairbairn: Honourable senators, it is impossible to overstate the quality of the contribution that Senator Marsden—or Lorna, as I am sure all of us in this chamber think of her —has made in everything she has done in her life, whether it has been in academic circles, in politics or in Parliament here in the Senate. When I think of her, I really think of three words: humanity, fairness and humour. She was a good friend before I came to the Senate and certainly, as Senator Spivak has said, that friendship became even closer through causes in which we share an interest.

Lorna has always been and always will be a crusader for rights: the rights of children; of young people; of seniors; of people all around the world, particularly the third world, who are seeking even the most basic rights. And, always, she has been a crusader for the rights of women.

Lorna has been a true leader in the women's movement in its most critical development in the last 25 years. She has really been at the forefront of that movement; always working towards equality, employment opportunity, the ability to earn, and the ability to receive benefits. Equity has been the centre point of her contribution. Beyond that —and this has been spoken about by her in this house—she has been in the forefront of promoting the right for women to lead lives of freedom—freedom from fear, from harassment and from abuse.

As a political colleague, Lorna has been a fierce believer in the democratic process, be it in the country, in Parliament or in the Liberal Party of Canada, of which she has been and will continue to be a very strong and determined member. Always she has been in the vanguard of reform. Indeed, over the past two years she was the chairperson of the committee for constitutional reform within the Liberal Party and did a tremendous job at it.

All of Lorna's attributes will make her one of the finest presidents any university in this country could have, because, throughout every cause she has espoused and every concern she has voiced, education has been the continuing theme. Wilfrid Laurier University and the students who seek to learn there have gained a great ally in our Senator Marsden, and the Senate has lost a true friend and one of its finest members. I know that all of you wish her great success and happiness and I join with those feelings with great friendship.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, I want to add briefly a few words of regret on behalf of the Senate, and particularly for our group, over losing Senator Marsden to her new career. She has really been a tower of strength.

Shortly before Senator Marsden was appointed to the Senate, it so happened that I was elected Speaker *pro tempore*. By coincidence the Speaker was away and I was in the Chair when Senator Marsden was introduced in this chamber. I want to say a few words on her departure. Of course, I had known her for some years before that through the Liberal Party where she had been a great worker.

She was an outstanding senator. When I listened to Senator Frith describing her activities—the things she has done, her writings and her involvement in many other activities in public life—I found it amazing to think she was a working senator. She was here, active on committees, steadily working; a really strong working senator. Indeed, for our group, for the past few months she acted as caucus chairman. She was prepared to take on any responsibilities that she felt she could handle properly. I know of no responsibilities that Lorna could not handle admirably, and I wish her well in her new post.

Hon. Noel A. Kinsella: Honourable senators, on behalf of colleagues on the current Standing Senate Committee on Social Affairs, Science and Technology, we salute Lorna Marsden on the leadership she has provided in the past.

On a personal note, Lorna's work has been known to me for many years. A couple of years back, we were delighted to host her in our province of New Brunswick to receive a special honour, as Senator Frith mentioned. I have known Lorna's work in the human rights field for many years, and I wish to record our appreciation for her sense of social justice with which she served this chamber and Canadians so well.

Senator Frith: Honourable senators, this is the statement that Senator Marsden asked me to read to you. I will read it verbatim. It is addressed "To the Senate of Canada on behalf of Hon. Lorna Marsden, Toronto-Taddle Creek - resigned." and it states:

> Since Parliament did not reconvene during the summer as planned, I have not had the opportunity to say some words of thanks and farewell to all senators and, through the Senate Debates, to the many members of the Senate staff.
>
> Therefore, I have asked my leader to do so on my behalf.
>
> It has been an extraordinary privilege and splendid education to have sat in the Senate since January, 1984. I have made many new friends among senators and staff and will very much miss seeing you all regularly and working with you.
>
> The privileges of a senator are many but the greatest of all is to be part of a tradition as old as our country of representing the people of our provinces and maintaining our Parliament. During my years here, events have made it possible to see how delicate the balance of Parliament

and of democracy is and to appreciate how seriously one must take the term "honourable" when applied to Parliamentarians. Being a senator calls for special sensitivities to these issues and it has been a great pleasure to work with so many who are conscious of these responsibilities.

I have worked under three leaders of my caucus each of whom has taught me a great deal and to whom I am very grateful. The two Whips of our Caucus have truly been extraordinary at managing to remain friends and confidants of everyone and I am grateful to them. Serving on the Senate Standing Committee on Social Affairs, Science and Technology and on National Finance has been like a wonderful, perpetual graduate seminar — my idea of luxury—and I believe we have accomplished some excellent work together. The Special Senate Committee on Youth Issues was a formative experience that has changed my life in several ways. Out of all my work in the Senate have emerged new commitments in voluntarily work, new research and publications, and many new alliances and friends. So I thank all of you and I especially thank the Senate and Committee staff who have been the source of much wisdom, guidance and a lot of good jokes. That includes the Librarians of Parliament, the Security staff, the messengers, and staff of the Parliamentary Restaurant, the craftspeople who made the cabinet in my office match the antique desk, and, above all, those who have worked in my office, especially Helene Damphousse and Carolyn Hume.

It appears that there may actually be reform of the Senate, although I will remain sceptical until the last moment. Reform is needed but I hope that the many fine and important traditions and procedures that balance the power in this country will not be lost. Under any circumstances I wish everyone many happy years and the best of luck, and I hope to see you all from time to time. Wilfrid Laurier University is a welcoming place and we would love to have you as visitors.

Lorna Marsden

21 August, 1992

ROUTINE PROCEEDINGS

PRIVACY COMMISSIONER

ANNUAL REPORT TABLED

The Hon. the Speaker: Honourable senators, I have the honour to table the annual report of the Privacy Commissioner for the period 1991-1992.

[Senator Frith.]

[*Translation*]

OFFICIAL LANGUAGES

ANNUAL REPORT OF COMMISSIONER TABLED

The Hon. the Speaker: Honourable senators, I have the honour to table the annual report of the Commissioner of Official Languages under the terms of the Privacy Act for the period ending March 31, 1992.

(Parliamentary Document No. 343)

[*English*]

CONSENSUS REPORT ON THE CONSTITUTION

REPORT TABLED

Hon. Lowell Murray (Leader of the Government): Honourable senators, I have the honour to table a document entitled "Consensus Report On the Constitution," being the final text, dated August 28, 1992 at Charlottetown.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): May I ask if copies of that document will be distributed to all senators today?

Senator Murray: Honourable senators, my friends the Deputy Leader of the Government and Senator Doody tell me that copies of this document has already been distributed to senators. However, I shall verify that, and if they have not reached any honourable senators I will see that those senators receive copies.

The Hon. the Speaker: I am told, honourable senators, that we will have more copies available within a few minutes.

[*Translation*]

LEGAL AND CONSTITUTIONAL AFFAIRS

TWENTY-THIRD REPORT OF COMMITTEE PRESENTED AND PRINTED AS APPENDIX TO MINUTES OF THE PROCEEDINGS

Hon. Royce Frith (Leader of the Opposition): Honourable senators, I have the honour to present the twenty-third report of the Standing Committee on Legal and Constitutional Affairs concerning the regulations proposed by the Chief Electoral Officer pursuant to subclauses (6) and (7) of clause 7 of Bill C-81, An Act to provide for referendums on the Constitution of Canada.

I ask that the report be printed as an appendix to the *Minutes of the Proceedings of the Senate* of this day and form part of the permanent records of this House.

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

Hon. Senators: Agreed.

[*English*]

Senator Lynch-Staunton: The printing should only be in the *Minutes of the Proceedings of the Senate*, but not necessarily also in the *Debates of the Senate*. I believe that is the old form.

Senator Frith: I am bound to say that it may well be so. I was reading from notes prepared by the Officers at the Table. I place my confidence in them.

(For text of Report see today's Minutes of the Proceedings, *p. 1357)*

Honourable senators, I would ask leave to make a few comments about the report.

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

Hon. Senators: Agreed.

Senator Frith: Honourable senators, I am not asking for approval today, but I would like to make some explanation for your consideration.

Honourable senators, I am happy to table the report of the recommendations made by the Standing Senate Committee on Legal and Constitutional Affairs on the regulation made pursuant to section 7(3) of the Referendum Act adapting the Canada Elections Act. Since the procedure involved in this matter is a somewhat novel one, I should like to refresh your memories as to how our committee became involved.

Subsections 6 and 7 of section 7 of the Referendum Act require the Chief Electoral Officer to deposit proposed regulations with the Clerk of the Senate, as well as with the Clerk of the other place, at least seven days before the regulation is to be made. The proposed regulation then stands referred to a designated committee, in this case the Legal and Constitutional Affairs Committee, pursuant to a motion of this chamber on June 23, 1992, to make such recommendations as they consider appropriate. In fact, the report that I am tabling today contains the committee's recommendations which were sent to the Chief Electoral Officer on Monday, July 13, 1992. Because we have already submitted our recommendations to Mr. Kingsley, we are simply tabling them in the Senate today for information purposes. We are not seeking concurrence.

On June 26, 1992, the Chief Electoral Officer deposited with Mr. Gordon Barnhardt a regulation which he proposed to make on July 8, 1992, adapting the Canada Elections Act for the purposes of a referendum. I will read you the full letter, since it is quite succinct, but I would first like to stress that we are dealing only with the adaptation of the Canada Elections Act and not with any new regulations which might be appropriate for referendums.

● (1450)

Section 7(4) does allow the Chief Electoral Officer to make regulations respecting the conduct of a referendum, and more generally for carrying out the provisions of the Referendum Act, but such regulations are not what was put before us. Doubtless such regulations will be proposed if and when the Chief Electoral Officer thinks them necessary. In this instance, however, we are dealing only with the adaptation of the Canada Elections Act, in itself a massive task.

If you remember, the first step was to avoid trying to develop a completely new set of regulations under the Referendum Act but to start by adopting whatever provisions of the Elections Act applied and then to go from there.

This is the letter that should also go on the record to bring us up-to-date with the work of the committee, and to bring us to where we are today as far as the referendum legislation and adaptation stand. It is from the Chief Electoral Officer to Mr. Gordon Barnhart, Clerk of the Senate, and it is dated June 26, 1992.

Dear Mr. Barnhart:

In accordance with subsection 7(6) of the Referendum Act, I am depositing for review the proposed regulation which adapts the Canada Elections Act for the purposes of a referendum. The authority for this regulation is contained in subsection 7(3) of the Referendum Act, which reads as follows:

"(3) Subject to this Act, the Chief Electoral Officer may, by regulation, adapt the Canada Elections Act in such manner as the Chief Electoral Officer considers necessary for the purposes of applying that Act in respect of a referendum."

The date on which I propose to make the subject regulation is July 8th, 1992.

In adapting the Canada Elections Act by regulation, it was necessary to examine that Act in order to determine how each section would work in the context of a referendum. At the outset, Elections Canada was required to eliminate from the adaptation those sections that were set out in Schedule II of the Referendum Act as not being applicable to a referendum.

I add that that was established by the legislation.

Thereafter, we studied each remaining section to determine whether the particular provision required adapting. In some cases, no adaptation was required as the section could be read to apply either to an election or a referendum. Therefore, these sections were not included in the regulation. The regulation contains only those sections of the Canada Elections Act that require adaptation in order to apply to a referendum. For instance, references to "election" matters such as "election documents" had to be changed to the appropriate referendum vocabulary or concept.

To explain, this was in effect a three-stage process. The overall process was the adaptation. That was effected by first excluding certain parts of the Canada Elections Act, then adapting those that applied without change, and then by regulation changing those that required change; that is, those that were left after the exclusion.

Pursuant and according to the above-mentioned subsection of the Referendum Act, we limited ourselves to

adapting the legislation; no amendments whatsoever have been made.

This is of use to us with regard to the subject of the referendum that is, I believe, being debated right now in the House of Commons.

The final result is that the law that is applicable to a referendum is the following:

1. The Referendum Act;

2. Those provisions of the Canada Elections Act that are applicable to a referendum and that do not require any adaptation; and

3. Those provisions of the Canada Elections Act that have been adapted for referendum purposes by the Chief Electoral Officer in the attached regulation.

An Office Consolidation will be published soon after July 8th.

I would also request that a copy of this letter and the relevant material be sent to each Member of the Committee. Should Members have questions concerning this regulation, may I suggest that they be channelled through the Clerk of the Committee to the General Counsel, Mr. Jacques Girard. Recommendations could be dealt with in the same manner but referred to my attention.

I would also request that this material be submitted to Members of the Committee forthwith as agreed, in order to allow us to meet the time frames.

Yours truly,

Jean-Pierre Kingsley.

Honourable senators, it is easy to understand the urgency attached to putting this regulation in place. However, it is also easy to understand that, in the first week of July, most Parliamentarians were taking a well-deserved and much-needed rest. I would like to record here my deepest gratitude to those senators who made themselves available to study and comment on this regulation, despite the short notice and inconvenient timing. I speak of Senators Keon, Marshall, Cogger and Kenny. If the referendum that has now been announced goes as smoothly as we all hope it will, these senators can take some considerable credit.

I do not intend to comment on the recommendations in detail, since they are on the technical side. I would, however, like to note how gratified I am at the show of non-partisan cooperation on all sides. As I mentioned in concluding the hearings, the Chief Electoral Officer is to be complimented on completing such a Herculean task in a short time frame and still giving two committees of Parliament an opportunity to look at the regulation.

Mr. John-Pierre Kingsley, the Chief Electoral Officer, responded as follows, and I quote:

Thank you very much, Mr. Chairman. I really appreciate the comments you have just made. Obviously we have already agreed to postpone la prise du règlement [to ensure that the committee has time to respond.]

We asked him to delay the time. He had picked July 8, and we asked him to delay the time further to allow us the opportunity to have our counsel and another representative from our research staff go word by word through the proposed regulations, and he acceded. That is what he means when he says:

Obviously we have agreed to postpone la prise du règlement [to ensure that the committee has time to respond]. I want to add that I personally find this kind of process very reassuring. I feel that the final adaptation of the Act will benefit significantly from the input of both this committee and the house committee, and sincerely thank you and your committee for the interest you have demonstrated in this matter.

It is quite reassuring to me because, as was said, it is not an undaunting task to have to adapt this legislation. When I was asked whether I would welcome the opportunity for a committee or committees of the house and of the Senate to review this adaptation, I said yes. In my mind, this was entirely justified. Thank you very much.

In my mind, this is precisely the functioning relationship between parties, and between Senators and the public service that, on these occasions and under these special circumstances, we should be striving to achieve. I think we can all take some pride in how well the very difficult and time-constrained process worked to the mutual benefit of all concerned.

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

Senator Frith: Honourable senators, at the next sitting. I do remind honourable senators that we are not asking for concurrence but of course would welcome comments made when senators have had an opportunity to read the material, and therefore I suggest the next sitting for taking the report into consideration.

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

● (1500)

THE CONSTITUTION

REFERENDUM QUESTION—NOTICE OF INQUIRY—LEAVE DENIED TO PROCEED LATER THIS DAY

Hon. Lowell Murray (Leader of the Government): Honourable senators, I intend to place before the Senate the possibility of proceeding with an inquiry today, an inquiry which would draw the attention of the Senate to the decision of the government to hold a referendum on the Constitution on October 26 next, and to the proposed question that will be put to the people of Canada in that referendum.

My cabinet colleague, the President of the Queen's Privy Council and Minister Responsible for Constitutional Affairs,

will be tabling shortly that question and speaking to it in the House of Commons.

In making this suggestion, I do not have in mind the convenience of the government. That is not a factor here. I simply make the suggestion to see whether it would suit the convenience of honourable senators to begin our discussion of the referendum and of the referendum question somewhat in advance of a message coming to us from the House of Commons.

As honourable senators know, the Referendum Act that we passed several months ago provides for one day's notice and a maximum of three days' debate in both houses on the referendum question. When I asked Mr. Speaker to summon the Senate back to Ottawa today, it was in the hope and expectation that the debate on the referendum question would be completed in the House of Commons rather earlier than now seems to be likely. My latest information is that, at best, members of the other place will vote on the referendum question tomorrow night at 8 p.m. If that schedule holds up, we will be asking the Senate to sit tomorrow night in order to receive the message from the House of Commons. We would begin the formal debate on the matter on Friday morning.

I do not know how many honourable senators will wish to take part in the debate or what period of time it will require. However, I am sure there are a number on this side who will want to speak. Therefore, it occurred to me that I might suggest to the house that we could begin today, by way of inquiry, a discussion of the decision of the government to hold the referendum, and of the text of the question, if the Senate wished to do so. We could then undertake the more formal debate on the matter when the message arrives.

I have not received, nor have I sought, any commitment from the leadership opposite on this matter. As I said, this is not a matter in which the convenience of the government is involved or in which there is any extraordinary urgency. The die is cast. We will have three days' debate on the matter, if we want it, once the message arrives in this place.

I simply put it to honourable senators that I am ready to proceed with a discussion of the referendum and of the question under the rubric of Inquiries, if it is the wish of honourable senators. If not, we can wait until we receive the message and begin the debate on Friday morning.

With a view to testing the waters, as it were, under Notices of Inquiries, with leave of the Senate and notwithstanding rule 58(2), I give notice that later this day I will draw the attention of the Senate to the decision of the government to hold a referendum on constitutional renewal on October 26 next, and on the referendum question which the government has submitted for the consideration of Parliament.

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

Senator Sparrow: No.

UNITED NATIONS

PEACEKEEPING—NOTICE OF INQUIRY

Hon. B. Alasdair Graham: Honourable senators, I give notice that on Friday next, September 11, 1992, I will call the attention of the Senate to U.N. peacekeeping.

[*Translation*]

GOODS AND SERVICES TAX

PRESENTATION OF PETITIONS

Hon. Jacques Hébert: Honourable senators, I have the honourto present petitions signed by 150 residents of New Brunswick who are opposed to the Goods and Services Tax.

Most of these petitions come from Saint John and Grand Bay.

I also have the honour to present petitions signed by 506 residents of British Columbia who are opposed to the Goods and Services Tax.

Most of these petitions come from Kamloops, Vancouver, White Rock, Burnaby, Penticton and Coquitlam.

This represents a grand total of 656 unhappy citizens who will not have time to forget their discontent before the next election.

QUESTION PERIOD

[*English*]

AGRICULTURE

U.S. EXPORT ENHANCEMENT PROGRAM—INCREASE IN FUNDING—GOVERNMENT POSITION

Hon. H.A. Olson: Honourable senators, I should like to ask the Leader of the Government in the Senate what the response of the Canadian government has been to the announcement of the President of the United States that they will increase their funding to the Export Enhancement Program by $1 billion—that is $1 billion over and above the amount of money allocated to that agricultural program in the initial budget.

I remind the honourable minister that at the time of the announcement the international grain market had been improving. As a matter of fact, the price rose from a low of around $2.50 per bushel to over $4 per bushel, which was the price for one or two days. However, recently, the price has been around $3.80, which is about a 50 per cent increase above the bottom price set by the Chicago Board of Trade Exchange, the market which sets the international price for grain.

I have not heard, nor have the farmers, what the Canadian government's response will be to this situation. It appears that it will, to use some short terminology, wreck the international market again.

Hon. Lowell Murray (Leader of the Government in the Senate): Honourable senators, we have formally protested the increase in the Export Enhancement Program in a letter from Mr. McKnight, the Minister of Agriculture, and Mr. Mayer, the minister responsible for the Canadian Wheat Board, to U.S. Agriculture Secretary Madigan.

We are seeking early confirmation from the United States on this matter, and we are already consulting with other affected countries as to how we might together combat this move.

Senator Olson: I have a supplementary question: Has there been, to date, any response from the United States authorities, whether it be from the Department of Agriculture or any other official including the White House, to this letter of protest which you have sent?

Perhaps while you are replying to that question, you could indicate whether the Canadian government will help to promote—which perhaps is what you just referred to—a collective effort by Australia and several other countries around the world that are similarly disturbed by this announcement?

Senator Murray: Honourable senators, I will have to ask my cabinet colleagues whether they have had any response from the American authorities to the letter sent by Ministers McKnight and Mayer. We are consulting with Australia and other countries adversely affected by the United States' decision. I should say we are also reviewing our legal options under the GATT and the FTA on this matter.

Senator Olson: More supplementary, if I may; many of us think that this a bit of an election ploy in the United States. In the event that this is so, perhaps the Canadian government can give some indication of whether they can cool this issue until after the first week of November, so that the United States can get that behind them?

Senator Murray: Honourable senators, I appreciate that advice and I shall convey it to my colleagues.

AIR INDUSTRY

CONTINUED VIABILITY OF AIR CANADA AND CANADIAN AIRLINES INTERNATIONAL—REQUEST FOR STATUS REPORT

Hon. Raymond J. Perrault: Honourable senators, Canada is well served indeed by two outstanding airlines, Air Canada and Canadian Airlines International. Both airlines, as we know, are experiencing some economic difficulties, as are air carriers throughout the world.

I have been in public life for over thirty years now—more years than at times I care to remember—yet I have never seen a more positive employee initiative than that launched by the employees of Canadian Airlines International. That airline has a big employment base in Alberta and British Columbia and several thousand employees in other parts of Canada. Those employees have now launched a plan to bring into being an employee equity investment plan in relation to Canadian Airlines International, and in so doing have sought the assistance and cooperation of the federal government.

I understand that this is a rather critical day in the range of negotiations that that employee group is having with PWA, the parent corporation, and with American airlines.

I wonder if the Leader of the Government can provide any information about the success of the process to maintain the viability of Canadian Airlines International and of Air Canada? They are both outstanding airlines. Any senator who has travelled on other carriers throughout the world knows just how well we are served by these two air carriers.

Hon. Lowell Murray (Leader of the Government): Honourable senators, I appreciate the comments the honourable senator has made about our two airlines. He is only doing them justice when he describes them as outstanding. They are, however, awash in debt, and there is taking place in the world, as the honourable senator knows, very considerable restructuring in the entire airline industry.

Having said that, I think we shall have some concrete information on the decision taken by the directors of PWA today, and we should have it, if my information is correct, in about ten minutes. My information is that a news conference was scheduled for 1:30 p.m. western time, at which time the directors would announce the conclusion they had come to with regard to the employees' proposal that the honourable senator has mentioned and to the latest merger proposal by Air Canada.

PRINCE EDWARD ISLAND

FIXED LINK—STATUS OF PROJECT

Hon. M. Lorne Bonnell: Honourable senators, could the Leader of the Government in the Senate give us an update on the status of the fixed link to Prince Edward Island? Also, regarding the boring of test holes in the strait, has the contract already been let, and if not, why are these test holes being drilled by one company and not the other two?

Hon. Lowell Murray (Leader of the Government in the Senate): I am sorry, honourable senators, I did not hear the last part of the question.

Senator Bonnell: Why are the test holes in the strait—and incidentally on top of the lobster fishing grounds of Prince Edward Island—being drilled by one company and not by the other two? Is there a deal that has been signed behind closed doors of which we have not been told?

Senator Murray: Honourable senators, the information I have been given, and I think the honourable Senator is aware of it, is that in July the Minister of Public Works was authorized by the government to proceed with discussions with Strait Crossing Incorporated to determine whether it would be possible to conclude a deal within the guidelines established by the government for the project.

As part of the verification process, the firm of Buckland & Taylor has been engaged to provide an independent assessment of the structure and the costs submitted by Strait Crossing Incorporated. Their work was expected to have been completed by the end of August, at which time we expect Mr. MacKay to seek direction from cabinet on how to proceed with the project. If it is decided to proceed with Strait Crossing Inc.'s proposal, final documentation will be completed by the end of November.

Senator Bonnell: Has the federal government given permission to Strait Crossing Inc. to drill those holes in the Northumberland Strait?

Senator Murray: Honourable senators, I should have to inquire as to what governmental body, federal or provincial or both, would be competent to provide such authorization and whether that has been done. I do not have the answer to the honourable senator's question.

Senator Bonnell: But would the provincial government have the authority to give any company the right and the privilege to bore holes in the Northumberland Strait? Is that not a federal jurisdiction?

Senator Murray: I appreciate the point, honourable senators, but I would want to verify what authorization was sought, what authorization if any was granted, and by what governmental body.

Hon. John B. Stewart: Honourable senators, I wonder if, while the Minister is getting that information, he could ascertain why it is necessary to take new borings at this stage in the advancement of this particular project. One would have thought that the information with regard to foundation conditions would have been ascertained as a first step rather than as a last step in the development of the project. I am sure that there is some good answer; perhaps the Minister would obtain that answer.

Senator Murray: I shall try to obtain the good answer, honourable senators.

THE SENATE

ELECTION OF SPEAKER IN ELECTED SENATE —GOVERNMENT POSITION

Hon. Jack Austin: Honourable senators, I would like to ask the Leader of the Government in the Senate to confirm that it is the position of the government that, in an elected Senate, the Speaker of the Senate will be elected by the members of that chamber?

Hon. Lowell Murray (Leader of the Government): Honourable senators, there has been no determination of that question, nor of a number of other questions relating to the procedures and operations of the proposed new Senate and its relationship to the other place, except for the consensus which has been arrived at on different types of legislation, and how a disagreement between the two Houses would be dealt with.

Senator Austin: In a Senate composed as the government has agreed it should be composed, would a Speaker appointed by the Prime Minister be a consistent projection of a renewed second chamber?

Senator Murray: Honourable senators, no consideration of which I am aware has been given to the question of a Speaker or a presiding officer for the new body, nor, to the best of my knowledge, have the various parties decided on how the business of the government and legislation from the other place is to be introduced and carried through the new Senate—and that would be, I expect, the responsibility of the federal government primarily. As the honourable senator knows, the proposal agreed on in Charlottetown is that there be no cabinet minister, no representative of the Crown, in the new body.

Senator Austin: I can only say that the issue of a Speaker in the renewed Senate being elected by the senators themselves is one of some importance to western senators in this chamber because it would act as a symbol of the responsibility of that Speaker to that renewed Senate which, as you know so well, will allow western provinces at least a substantial minority choice in that selection.

Senator Murray: Honourable senators, I take the point and will certainly convey it to my colleague. I look forward with considerable anticipation to the next question which I think is about to come from Senator Perrault, who takes a rather different position on the merits of the new Senate proposal than that of his colleague from British Columbia.

Senator Austin: I said nothing about the merits of the Senate proposal. I am only saying that, if such a Senate as is proposed by the government exists, on the point of the Speaker I would wish that the government leader could quickly say that he agrees with the election of such a Speaker by the members of that chamber. As to the rest of it, I have made no comments as yet.

Senator Murray: Honourable senators, however the new Speaker is selected, I am sure every consideration will be given to an experienced senator like himself.

Senator Austin: No doubt.

THE CONSTITUTION

PROPOSED NEW SENATE—AUTHENTICITY OF PREMIERS AS SPOKESMEN FOR REGIONS—GOVERNMENT POSITION

Hon. Raymond J. Perrault: Honourable senators, for a number of years I served in the provincial legislature of the province of British Columbia, and I have the scars to prove it. I remember that on numerous occasions involving the premiers they would repeat over and over the hoary old myth that they were the only authentic spokesmen for the regions of Canada. In their view, the members of Parliament who were elected from British Columbia would go to Ottawa and be infected with some sort of virus, and become totally useless after that. I see other members on both sides nodding their heads. It is the old myth that neither senators nor members of the House of Commons really do the job for the regions; that only the premiers can do that job.

In view of the fact that three of the premiers who helped shape this federal institution belong to a party which for years has called for the abolition of the Senate, why would we turn over to the premiers of Canada the major responsibility to fashion Canada's upper house, the Senate? Why did the government cooperate with them, it seems to me, in ignorning the mature recommendations of the Beaudoin-Dobbie Committee, whose members authored a very thoughtful effort. The committee was chaired by one of our colleagues. We ignored their efforts and opted instead for the views of the premiers of Canada who, frankly, do not know very much about the Parliament of Canada. Why did the government do it?

Hon. Lowell Murray (Leader of the Government): Honourable senators, the chief quarrel of the honourable senator seems to be with the fact that the first ministers decided on equal representation rather than equitable representation.

Senator Perrault: Speaking to the larger question, why were these premiers, some of them literally rookies in their work, allowed to play such a pivotal role in deciding the future of this nation? The hours of labour invested by the chairman of the Beaudoin-Dobbie Committee and his colleagues, who did a first rate job, were virtually ignored.

Senator Murray: I quite agree with the comments that the honourable senator has made about the excellent work that was done by our colleague Senator Beaudoin and the members of that committee. The reality is that the Senate is an institution of Parliament, of our federation, and that it is the premiers, the first ministers, who have the responsibility to recommend changes to our Constitution, as it was in 1867. When the representatives of Upper and Lower Canada, Nova Scotia and New Brunswick met, they decided at that time on a Senate which they felt was appropriate to those times. The first ministers, in their meetings in Charlottetown, and prior to that in Ottawa, have designed a Senate that they believe is appropriate to our times and to the future.

It should be pointed out, however, that many of the decisions relating to the election of the senators and to the procedures of this body and various aspects of its relationship to the other place remain to be defined and will be the responsibility of the federal government.

Senator Perrault: Basically the question in the minds of so many of us is who spoke for Canada during those negotiations. Who spoke for Canada? Who spoke about the need to have an effective federal Parliament?

Senator Murray: Honourable senators, I think my friend would find quite a number of people, not only participants in that process but Canadians generally, who would argue that the proposed new Senate strengthens the institution of Parliament as a whole and strengthens the bonds of Canadian federation. If the honourable senator feels differently, as he obviously does, he will have ample opportunity, in the course of the referendum debate in his own province of British Columbia and elsewhere if he chooses, to campaign for the "no" side or, indeed, to oppose the resolution to amend the Constitution when it comes before this body in due course.

[Senator Perrault.]

Hon. Gildas L. Molgat: I note that in his answer the minister said that many Canadians believe what he has just reiterated. Is it his belief that this agreement will strengthen the Senate?

Senator Murray: Honourable senators, I support the package wholeheartedly.

Senator Molgat: But that is not the question at hand. The question at hand is the Senate. In answer to Senator Perrault you said "Many Canadians believe that this will make a stronger Senate" or " will strengthen the Senate". Is that your view?

Senator Murray: Honourable senators, it is clear to me that it will strengthen the institution of Parliament and, because it has such wide acceptance in the federation, that it will strengthen the bonds that unite us as Canadians.

Senator Molgat: My honourable friend still has not answered the question. Does he believe that this agreement will strengthen the Senate? Will it be a stronger Senate?

Senator Murray: Absolutely, honourable senators. Democratic legitimacy will strengthen the Senate.

Senator Perrault: You do not believe that for a minute.

AIRLINE INDUSTRY

DUPLICATION OF SERVICES—GOVERNMENT POSITION

Hon. H.A. Olson: Honourable senators, my question may be considered a supplementary to the question put by Senator Perrault a few minutes ago on the airline industry.

Is the government contemplating any action to call a halt to some of the irresponsible duplication of services in which the two airlines have been engaged that has led them into this morass of debt about which the Leader of the Government spoke a few minutes ago? The options are to help them out of this debt, or to do what a government ought to do, and that is to ensure that there are applicable rules to maintain the airline industry in Canada, which is so vital to the movement of people across this land.

Hon. Lowell Murray (Leader of the Government): Honourable senators, without necessarily accepting the analysis that the honourable senator has put forward as to the contributing factors of the financial distress of those two airlines, I can only say that we are encouraging a private sector solution to the current problem. If there is a decision on a merger, it would have to be considered by the Bureau of Competition Policy under the Competition Act and possibly by the National Transportation Agency, if that were desired by any petitioner.

Honourable senators, I do not think it is our role as a government, or the role of any agency, to establish airline schedules in the country. That is a matter in which the airlines should do what they perceive to be in their own best interests.

Senator Olson: Honourable senators, what the honourable minister has just said is that this government does not want to govern the country in the interest of maintaining services that are absolutely essential to the people of this country. So the government is, as the minister has indicated, attempting to find a private interest solution to the problem. There has been a predatory, irresponsible, duplication of services which has reduced the load factor. There is absolutely no justification for this, except to run the competition into the ground. This government stood by and allowed the airlines to sink hundreds of millions of dollars into debt. We have reached the stage where we will probably not have any effective competition between any airlines, because someone must pick up those deficits. The airlines have done this deliberately to knock the other airline right out of the sky.

Will the government ever assume its responsibility to see that these essential services are maintained, and indeed make rules and regulations?

Honourable senators, there was a time when you had to apply for routes. Assessments were done by various boards and transport commissions to determine whether there was any justification for additional service. This was not done simply on the basis of running your competitor into the ground.

Will the government assume its responsibility of ensuring that Canadians have an airline service, because it is in great jeopardy at the moment?

Senator Murray: As a frequent traveller to many parts of the country, I do not agree with the honourable senator—

Senator Marchand: You had better come west.

Senator Murray: —that the previous situation was at all better than the present availability of flights.

Senator Olson: We did not have bankrupt airlines, anyway.

Senator Murray: The honourable senator is suggesting re-regulation, I presume?

Senator Olson: That is right, properly called "re-helping to govern".

Senator Murray: Nor are we convinced that that provides a solution.

Honourable senators, I may say that it is no part of our ambition or policy to encourage a domestic airline monopoly in this country.

Senator Olson: Is it the position of the government that it will not assume its responsibility of maintaining a reasonable airline service in this country?

Senator Murray: Honourable senators, I just indicated in reply to the first or second question that the honourable senator posed on this matter that any decision on a merger would have to be approved by the Bureau of Competition Policy and would possibly come before the National Transportation Agency, if there were petitioners who wished to bring it to that body.

Senator Olson: That is pretty sad.

JUSTICE

SOCIAL UNREST—PROPOSED MEETING OF PRIME MINISTER WITH BIG CITY MAYORS AND FEDERATION OF MUNICIPALITIES

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, I want to bring to the attention of the honourable minister a question that I have asked on a number of occasions. My honourable friend will recall that in the aftermath of the riot in Toronto, there was a request that the Prime Minister meet with big city mayors. I asked a series of questions over a number of days following that. My honourable friend indicated that the Prime Minister was prepared to do so. Has that meeting taken place?

Hon. Lowell Murray (Leader of the Government): Honourable senators, I do not know the answer to that question. I can tell the honourable senator that one of the initiatives we spoke of on that occasion is now nearing fruition. The Minister of Justice has indicated her intention to bring in a white paper, which of course would lead to legislation with regard to the "fleeing felon rule", as it is referred to in legal shorthand, and the use of force by police in those situations.

Senator Frith: Hot pursuit.

THE CONSTITUTION

PRINCE EDWARD ISLAND—REPRESENTATION IN SENATE AND HOUSE OF COMMONS

Hon. M. Lorne Bonnell: Honourable senators, I would like to go back to this consensus report on the Constitution in Charlottetown on August 28th. In 1873, when Prince Edward Island joined with Canada—or Canada joined with Prince Edward Island, there were several main points to that agreement. One was continuous communication with the mainland, which we have not received as yet; the second was to give us the railroad, and we lost the railroad; the third, and perhaps most important point, was that we would be guaranteed at least the same number of members in the House of Commons as we have in the Senate. Under the proposed Constitution, we will have six senators. Will we get two more members in the House of Commons, as was promised under the agreement when we joined this country?

Hon. Lowell Murray (Leader of the Government): No, honourable senators.

Senator Bonnell: Are you going to break the agreement Prince Edward Island made with the rest of Canada in 1873?

Senator Murray: The first ministers, including the distinguished people of Prince Edward Island, have decided to amend the Constitution in those respects. There will be six senators from Prince Edward Island, but Prince Edward Island, as I understand it under this arrangement, is guaranteed that it will never have fewer than four members in the House of Commons.

Senator Bonnell: We were never to have fewer members in the House of Commons than we have senators. It is only

because we have four senators that we have four members in the House of Commons. It is not because of our population. I see nothing in this agreement that takes that guarantee out of the British North America Act.

Senator Murray: Honourable senators, as the premier of Prince Edward Island would say, the Island emerges from the present round a net winner.

Senator Bonnell: I am not worried about whether or not we are winners or losers. Will we get two more members in the House of Commons as we were promised when we joined Confederation?

Senator Murray: Honourable senator, you will have ten parliamentarians instead of eight.

CONSENSUS REPORT—FINAL TEXT

The Hon. the Speaker: Honourable senators, I must point out that, under our rules, Question Period is over. Is there unanimous consent to hear a question from Senator Grafstein?

Hon. Senators: Agreed.

Hon. Jerahmiel S. Grafstein: Honourable senators, can the Leader of the Government in the Senate advise us when the final French and English legal texts of the agreement reached by the premiers will be available?

Hon. Lowell Murray (Leader of the Government): Honourable senators, this is the consensus report, the final text. The work of translating this into the language of constitutional amendment is proceeding. That is, as the honourable senator knows, an infinitely complex task and will require considerable work and consultation among all the parties to the consensus. I am not in a position to hazard a guess as to when it will be complete. I shall make inquiries, but I do not expect it will be very soon.

Senator Grafstein: Will it be available prior to the referendum date?

Senator Murray: I very much doubt it, honourable senators. Assuming the referendum is held on October 26, I doubt that the draftsmen and the political leaders involved will have been able to achieve a complete agreement on what the honourable senator calls the final legal or constitutional text.

Hon. Royce Frith (Leader of the Opposition): I take it that the work of drafting the text is occurring before the people have said whether they want the amendment or not?

Senator Murray: Well I hope it is, honourable senators. I would be astonished if it were not, and I would regard it as rather imprudent on the part of our draftsmen and advisors were they not hard at work.

Senator Frith: Well, it is based on the assumption that people are going to say yes.

[Senator Bonnell.]

Senator Murray: Well, people can say no. Of course the final decision on these matters, this being a non-binding referendum, will be up to the legislatures of the different provinces.

• (1540)

Senator Frith: Therefore, even if the people say "no", it is possible that the government will proceed with the amendments?

Senator Murray: Honourable senators, that is a highly hypothetical question.

Senator Frith: That is a hypothetical assumption you are making by going ahead with the drafting.

Senator Murray: Any government would have the right to present those amendments to its legislature. Senator MacEachen and I had a discussion on the political reality that is involved in this. My honourable friend the Leader of the Opposition can draw his own conclusion as to the probabilities.

Senator Olson: Are you saying that it will be a seamless web when it comes?

Senator Frith: It might be.

DELAYED ANSWERS TO ORAL QUESTIONS

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, I have several delayed answers to oral questions raised in the Senate on June 2 by Senator Simard regarding the moratorium by the European Community on the fishing of Atlantic cod stocks, and by Senator Thériault regarding overfishing by giant trawlers; on June 11 by Senator Molgat regarding the sale of Canadian durum wheat to Italy; and on June 15 by Senator Stewart regarding France's fishing rights in Canadian territorial waters, and by Senator Frith regarding the closure of military bases.

[*Translation*]

FISHERIES

EUROPEAN COMMUNITY—MORATORIUM ON FISHING OF ATLANTIC COD STOCKS

(*Reply to a question raised by the Hon. Jean-Maurice Simard on June 2, 1992*)

Mr. Crosbie's analysis has been made clear in public statements. In summary:

1) The European Community (EC) has announced a temporary suspension of its cod fishery on the Nose of the Banks and its intention to temporarily suspend all cod and flatfish fisheries in the Northwest Atlantic Fisheries Organization (NAFO) Regulatory Area;

2) the EC announcement is a welcome development. Canada hopes it signals a new EC commitment to conservation outside 200 miles. Canada has asked the EC

to keep these fisheries closed for the rest of the year, and to comply with all NAFO decisions henceforth;

3) in advance of the annual NAFO meeting in September, Canada will work with all NAFO Contracting Parties to finalize the details of reforms to the NAFO surveillance and control system to be considered for adoption at the meeting. If adopted, these reform measures would represent modest progress toward ending overfishing. Other important control measures would still have to be taken by contracting parties, such as inspection of fish products when unloaded in home ports, to ensure compliance with all NAFO management decisions;

4) at the Earth Summit, the EC was eventually persuaded to support an agreement on principles and measures to conserve fish stocks on the high seas. This agreement dealt with important matters, such as commitment in principle against reflagging of fishing vessels. The EC was also persuaded to support an agreement that an intergovernmental conference on high seas fisheries is to be convened by the United Nations. We are encouraged that the EC decided to support these agreements.

5) Following the Rio Summit, Canada will seek the support of its G-7 partners at the Economic Summit in July for conservation of fish stocks on the high seas including the strengthening of regional organizations such as NAFO and effective monitoring and enforcement of their conservation decisions;

6) Canada will also be concentrating its efforts on preparations for the intergovernmental UN conference on high seas fisheries.

OVERFISHING BY GIANT TRAWLERS—GOVERNMENT POSITION

(Reply to a question raised by the Hon. L. Norbert Thériault on June 2, 1992)

Offshore vessels operating in the Gulf of St. Lawrence are monitored very closely and must report their catch on a daily basis. They currently have limited cod quotas which they have access to in the Gulf. Offshore cod quotas in the Gulf are essentially used for by-catch in the 4RST redfish fishery.

For 1992 the offshore has a quota of 2,774t of 4RS3Pn cod, only 9% of the Canadian quota of 29,826t. The only other Gulf cod stock for which the offshore has had an allocation is 4TVn (J-A). For this stock, the offshore had an allocation of 3,984t in 1992 of which the entire amount was fished outside the Gulf in area 4Vn during the winter.

To eliminate the offshore from either of these fisheries would have a severe negative impact on the employment generated, and impact on a number of offshore plants both within and outside the Gulf.

The destruction of any stock is not necessarily directly related to the size of the vessels employed to harvest it. Vessels less than 100 feet in length can be very destructive if they do not follow conservation rules.

[*English*]

AGRICULTURE

CANADIAN DURUM WHEAT—DECLINE IN SALES TO ITALY

(Response to question raised by Hon. Gildas L. Molgat on June 11, 1992)

The statistics used by Francesco Bragga and Roberta Raffaelli of the University of Guelph in their discussion paper on durum wheat, indicate that Canadian exports to Italy have decreased at the expense of increased American sales.

Using more detailed data over a longer duration, it can be seen that whereas Canada's exports have fluctuated and decreased over the years, over the same period, U.S. exports have also fluctuated and decreased. However, over the same period there have been substantial increases into Italy of durum wheat from the European Community (EC).

These increases have almost certainly impacted on Canadian and U.S. export levels. Levies on durum imports from outside the EC are high, and this has encouraged Italian processors to maximize the use of cheaper EC-origin durum and minimize the use of the more expensive North American durum.

The Canadian Wheat Board's market intelligence sources indicate that within the Italian market there is a defined demand for a special type of U.S. durum which is grown only under the agronomic conditions found in Arizona and California. This characteristic durum is utilized mainly to manufacture pasta used in cold salads. Demand for U.S. durum in the Italian market has been largely confined to this Arizona/California "desert" durum. It would seem, therefore, that it is not Canada's grading system which prohibits Canada from exporting durum into this Italian niche market.

In the July to June 1989/90 crop year, U.S. durum exports to Italy rose above the defined demand, and in fact approached, although did not exceed the Canadian level. At least two factors are thought to have contributed to these unusually high U.S. exports. They are:

- due to the drought reduced crop of 1988, Canada entered the year with a low carryout which resulted in low shipments to Italy in the first quarter of 1989/90. This short fall was apparently filled by the U.S.;

- in anticipation of high demand prices, one of the major international grain companies positioned themselves by purchasing substantial quantities of U.S. durum which they eventually marketed into Italy.

FISHERIES AND OCEANS

FRANCE—FISHING RIGHTS IN CANADIAN TERRITORIAL WATERS—STATEMENT OF MINISTER ON COURT DECISION—REQUEST FOR TABLING OF INFORMATION

(*Response to question raised by Hon. John B. Stewart on June 15, 1992*)

The likely impact on Canadian groundfish fisheries will be small. The key fishing areas for cod and other groundfish, which are critical for the livelihood of fishermen and plant workers off the south coast of Newfoundland, are located within the Canadian zone.

The decision gives France 3,607 square nautical miles or 11 percent of Subdivision 3Ps, off the south of Newfoundland. Some cod and other groundfish will certainly be caught in the French zone. There is little risk of French vessels being able to mount a massive interception of migrating fish in the French corridor. Cod migrates on a north-south axis—not an east-west axis through the French zone.

The Canadian fleet has historically had small groundfish catches within what is now the French zone.

The new French zone does include a portion of the Icelandic scallop beds in 3Ps. The significance for Canadian fishermen is difficult to define because the commercial fishing patterns are not as well known. There are significant Icelandic scallop resources in the Canadian zone. In any event, we may be able to obtain access to these resources in the French zone for Canadian fishermen as part of reciprocal arrangements to be negotiated.

NATIONAL DEFENCE

CLOSURE OF MILITARY BASES—GOVERNMENT POLICY

(*Response to question raised by Hon. Royce Frith on June 15, 1992*)

The subject of adjustments to Canada's defence infrastructure is a very complex issue. Therefore, on September 17th, 1991, the Honourable Marcel Masse, Minister of National Defence, announced the creation of the Minister's Advisory Group on Defence Infrastructure (MAGDI).

The Advisory Group dealt with the factors to be taken into consideration and the methods to be employed in the rationalization of defence infrastructure. It was not, however, tasked with identifying specific facilities for closure.

The Advisory Group's findings were presented to the Minister of National Defence on June 1st, 1992, and released to the public on June 2nd, 1992.

Associate Minister of National Defence, the Honourable Mary Collins, tabled the Advisory Group's Report in the House of Commons on June 5th, 1992. The Report was referred to the Standing Committee on National Defence and Veteran's Affairs for consideration.

[Senator Lynch-Staunton.]

After the Committee has considered the Report, it is hoped that a process will be formally adopted which will allow for the rationalization of the Canadian defence infrastructure.

ORDERS OF THE DAY

CONTRAVENTIONS BILL

SECOND READING—DEBATE ADJOURNED

Hon. R. James Balfour moved the second reading of Bill C-46, respecting contraventions of federal enactments.

He said: Honourable senators, I am pleased to rise in the chamber today to speak on behalf of Bill C-46, the Contraventions bill, which provides a new and simplified means of enforcing minor federal regulatory offences reflecting the distinction between the truly criminal acts and less serious offences.

Currently, those charged with minor regulatory or statutory offences are not treated differently from those charged with criminal offences. Individuals who may be in breach of a less serious provision of a federal enactment presently have no alternative but to appear and be processed through the criminal court system.

In discussions between the Minister of Justice, the Honourable Kim Campbell, and her provincial and territorial colleagues, it was agreed that an inordinate amount of time is spent by prosecutors, court administrators and enforcement officers on the prosecution of minor regulatory offences, resulting in a waste of valuable resources, backlogs in the system, and an undue burden on the courts. This is not only inefficient, inconvenient and expensive, but inappropriate when dealing with less significant transgressions.

Essentially, the Contraventions bill establishes a "ticketing scheme" which will permit enforcement authorities to issue tickets to persons charged with a designated offence. Individuals who wish to plead guilty and pay a set fine may do so, thus avoiding the necessity of a formal court appearance. This scheme will ease the court's workload by eliminating cases which do not require a sentencing hearing or trial. In turn, this will give the enforcement personnel more time in the field and allow federal prosecutors and provincial and territorial court officers to focus on those matters which require judicial consideration.

Honourable senators, the origins of the ticketing scheme can be traced back many years. In fact, our courts have been wrestling with this matter for a number of years and in the landmark 1978 decision *Regina versus the City of Sault Ste. Marie,* the court confirmed that a distinction between truly criminal and regulatory offences was appropriate. That case, as some of you may recall, was concerned with the deposit of refuse by a contractor of the city resulting in pollution of a nearby creek. One of the questions before the court was the

issue of the city's liability. The court's judgment was pronounced by Mr. Justice Dickson, as he then was. In his decision, Justice Dickson characterized the act of polluting as being a regulatory offence; such offences are not, he said:

> . . .criminal in any real sense, but are prohibited in the public interest. Although enforced as penal laws through the utilization of the machinery of the criminal law, the offences are in substance of a civil nature and might well be regarded as a branch of administrative law to which traditional principles of criminal law have but limited application. They relate to such every day matters as traffic infractions, sales of impure food, violations of liquor laws and the like.

Honourable senators, this particular case speaks to the fact that there is clearly a basis for establishing a different classification for different types of offences. The Contraventions bill squarely addresses this matter by providing for the development of a scheme which calls for new, simplified procedures for regulatory matters, and distinguishes between the consequences for conviction for a ticketable offence and a criminal offence.

Essentially, there are three central objectives of our ticketing scheme. The first objective is the decriminalization of minor federal regulatory offences. The Contraventions bill replaces existing criminal procedure with a ticketing scheme similar in nature to those now in place in several provinces.

The second objective is the removal of uncontested cases from the courts. This legislation enables enforcement authorities to issue tickets to offenders as an alternative to laying an information which would be dealt with like any other offence under the Criminal Code. As a result, persons who receive a ticket and wish to plead guilty can do so by paying a set fine without having to appear in court.

However, we will still preserve the right for those persons who wish to do so to contest their tickets in open court before a judge. What we are doing is offering the public the option.

The final objective of this legislative endeavour is improved enforcement of fines. It seems apparent that the ticketing scheme will facilitate and encourage early payment of fines by enabling offenders to pay the prescribed fine without making a formal court appearance.

I point out, honourable senators, that since its inception this legislative initiative has been endorsed at the federal level by 12 other departments and agencies. Each of the participants has chosen offences to be included in the "schedule of offences" which will establish those offences to be designated "ticketable". It should be noted that the Contraventions bill does not create any new offences but, rather, provides new, simplified procedures for the prosecution of persons charged with existing federal offences.

What kind of offences are contemplated by the Contraventions bill? As I have been saying, they are minor offences. For example: Hunting without a valid license; camping in a park without a permit; picking flowers on federal property; illegal parking on federal lands; or failing to dump refuse in a proper container while on parklands.

The person who receives a ticket has the following options: First, he may plead guilty and pay the set fine as indicated on the ticket without appearing in court. Second, he may plead guilty with representations, asking the court for a lesser fine or an extended time to pay the fine. Third, the individual may wish to dispute the charge and so indicates the desire to proceed to trial by forwarding the ticket to the appropriate court office.

In this latter case, where a trial is requested, the trial proceeds in accordance with the summary conviction provisions of the Criminal Code. An individual who ignores a ticket will be found guilty by default.

Finally, it should be noted that the Contraventions bill will apply to young offenders as well as adults. It is fair that young persons who engage in activities under the sphere of the ticketing scheme, such as camping, hunting and fishing, should be held responsible for their actions if they violate the law. However, in recognition that the maximum limit of $1,000 may be too onerous, the maximum fine level for a young person who is ticketed will be $100.

In conclusion, honourable senators, the Contraventions bill is simply good, sensible law reform. The philosophy behind it enjoys widespread support. It is time to put into place a law that is accessible and practical.

On motion of Senator Molgat, debate adjourned,

● (1550)

JUSTICE

CANCELLATION OF COURT CHALLENGES PROGRAM—DEBATE CONTINUED

On the Order:

> Resuming the debate on the inquiry of the Honourable Senator Wood, calling the attention of the Senate to the cancellation of the Court Challenge Program.—(*Honourable Senator Kinsella*).

Hon. Noel A. Kinsella: Honourable senators, on June 23 I thanked Senator Wood for bringing the matter of the Court Challenges Program to the attention of the Senate. Today I am pleased to have the opportunity to speak to this question. The Court Challenges Program was originally established, as Senator Wood pointed out, in 1978,

> . . . to deal with constitutional issues under the British North America Act and then extended to the 1982 Charter of Rights and Freedoms . . .

The original objective in 1978 was to provide financial assistance to linguistic minorities seeking to assert and clarify their rights through litigation. Since 1982, the program has included the language protections found in sections 16 to 23 of the Charter.

In 1985 the program, while being totally funded by the federal government, became independent of the government in

terms of operation. That is also the year, 1985, in which the main equality provisions of the Charter came into force. I am referring of course to section 15. In addition to supporting challenges under section 15 of the Charter, the program also financed case studies and tested litigation pursuant to section 28 of the Charter dealing with gender equality and section 27 dealing with multiculturalism.

The principal beneficiaries of the program have been disadvantaged and disenfranchised individuals and groups. The program has also assisted all Canadians in reaching better understanding of the rights which affect all of us. The program manifested a concrete commitment by the government to the societal values proclaimed in the Charter. For, without the means to promote and defend human rights, statements or rights may be illusory.

In 1989, an intensive study of the Court Challenges Program was carried out by the House of Commons Standing Committee on Human Rights and the Status of Disabled Persons. After a series of open hearings over the course of almost six months, the committee unanimously recommended continuation of the program. In the May 1990 response to the committee's report the government agreed to renew the Court Challenges Program for five years, until 1995.

The objectives of this type of publicly supported court access program accrues to the benefit of all levels of government across Canada. Many of the Charter cases with wide implications for our society have featured persuasive arguments by litigants or interveners supported by the Court Challenges Program. As an example, I could cite the *Andrews* case on equality rights, the *Mahé* case on minority language rights, and *Butler*, a ruling which outlaws pornography that endangers women.

It was for this reason that following last February's budget I recommended to the government in early March that it reach out to provincial governments and the private sector for partners with whom we might initiate a new national rights or courts access type of program. This proposal was repeated by the Minister of Multiculturalism and Citizenship, the Honourable Gerry Weiner, during his appearance before the Standing Senate Committee on Social Affairs, Science and Technology on April 9, 1992 when he stated:

> This program in particular was an excellent program . . . It was an exceptional program, a wonderful program, made in Canada, a program that may still continue and not necessarily with only our money . . .

Further on, the minister said:

> We would take a serious look at any possible opportunity. Frankly, I personally like the partnership idea, I would like to see development of a plan wherein a group of people participate, and perhaps that is the route we should go.

Since that time, several provincial ministers of justice have made statements supporting the view that a national rights

[Senator Kinsella.]

access to the courts type program needs to be maintained and have indicated their willingness to be partners. In addition to that, several nongovernmental organizations have indicated their willingness to be partners. Moreover, the current constitutional round creates the likelihood that even more support for citizen participation in constitutional interpretation will be required. If, for example, a social covenant were to become part of the Constitution, any form of monitoring is likely to involve input from a broad spectrum of Canadians, many of whom would need financial assistance to participate meaningfully.

In the wake of the announced cancellation of the Court Challenges Program the Standing Committee on Human Rights and the Status of Disabled Persons in the other place held hearings in March and April of this year. The resulting report of that committee's work is entitled "Paying Too Dearly" and was tabled in the other place in June. That report concludes with the recommendation that the Court Challenges Program be maintained.

As an example of the kinds of cases that may falter in their progress if the program is indeed canceled, the committee in the other place mentions an application involving access to bus transportation for people with disabilities. They mention another concerning a native woman who is trying to prevent the incarceration of aboriginal women at the prison for women in Kingston. The same committee records that 72 of 85 of the equality cases currently funded are still at the trial court level and only 7 are at the Supreme Court of Canada level. With respect to language rights, 16 of the current matters are at the trial court level and only three have reached the supreme court.

To put the problem plainly, if the individuals and the groups currently pursuing constitutional challenges at the trial level happen to lose their cases there will be no money to commence the expensive process of appealing. We should recall that the program's mandate in effect required it to fund only those cases important enough to merit being appealed all the way to the Supreme Court of Canada.

The issue of cost must of course be addressed, especially in this period of austerity. The committee report from the other place, "Paying Too Dearly", indicates that Canadians have not paid too dearly for this program. It states that independent experts have confirmed that the program's money has been well spent. It would not be efficacious to dismantle an institution with seven years of accumulated experience and then face the task of rebuilding to meet new and evolving constitutional circumstances.

The evidence received by the standing committee in the other place would suggest that the program is both modestly funded and cost effective. It may come as a surprise to critics of the legal profession that a high proportion of the money provided for the program goes towards the expenses of bringing cases to court rather than to legal fees.

In the words of one witness who appeared before the committee in the other place, "there were huge donations of free legal work by reputable lawyers across the country." Another said that "approximately half of all the legal work is just given to the program".

I ask honourable senators, where else would one get a deal like that from a lawyer?

Some ministerial spokespersons have suggested that remaining needs for litigation could be met through *ad hoc* assistance, possibly through the Department of Justice. Given that the government, represented by the Department of Justice, is usually the defendant in Charter challenges, such an administrative arrangement would not have the appearance of fairness. Indeed, that was why it was changed in 1985 to an independent administration. It does not sound appropriate for one litigator to be deciding if other potential litigators and interveners should have the financial means to put their cases effectively.

As the standing committee's recently tabled report contends, there is no convincing evidence that an adequate program to support court challenges would cost less if administered directly by the government.

Honourable senators, in my view, the proposal that the committee in the other place has made in the report "Paying too Dearly" commends the serious intention of the government. Given the statements that have been made by witnesses representing provincial governments and a number of non-governmental organizations, there seems to be an opportunity for a new national initiative to achieve the same objective through partnerships with law societies and provincial governments. However, the Government of Canada, in my humble opinion, must remain a major player in order to allow Canadians to have the access to the courts that is necessary to elaborate the rights which are provided for in the Charter.

In conclusion, I wish to draw the attention of honourable senators to two facets of the standing committee's June 1992 report that focused on the importance and urgency of rejuvenating the Court Challenges Program. The committee requests a comprehensive government response, but also recommends that the government make a public statement of its intentions as soon as possible. Earlier in the report, the committee observed that representations it had received since the cancellation of the Court Challenges Program showed the committee "how greatly the people of Canada value the principle of access to the courts." The committee stated that during the whole of this Thirty-fourth Parliament, it had "never received as many unsolicited submissions on any single issue."

I share the view of the committee from the other place and the views of many other Canadians concerning the importance of maintaining the Court Challenges Program or divining and determining the model that would achieve the same objective. The door seemed to have been left open somewhat by Minister Weiner when he appeared before our Standing Senate Committee on Social Affairs, Science and Technology, when he stated that he was open to partnerships, and I hope that those partnerships would be explored.

Hon. L. Norbert Thériault: I wonder if the honourable senator would permit a question. I support him totally. I am sure that in caucus he has fought for that cause that he cherishes. Since the honourable senator feels so strongly about it, perhaps he could organize a motion or a recommendation of some type to come from him and his colleagues in the Senate which we could support and which the government could take notice of.

Senator Kinsella: I thank the honourable senator for the observation. I wrote to the government after the budget came out last February and made this suggestion. It was repeated almost verbatim by the House of Commons committee in its report "Paying too Dearly." That parliamentary committee in the other place has received a number of representations from many distinguished Canadians, such as former Justice Bertha Wilson. I will examine any appropriate instrument that I could advance in this chamber.

Senator Thériault: I thank the honourable senator. I know that he is sincere in his efforts. Perhaps most of us are here for a very short time, if some of the constitutional amendments carry through, as I hope they will, and it would show that even if we are appointed we can come together for a good cause.

On motion of Senator Molgat debate adjourned.

THE ECONOMY

MISMANAGEMENT OF MONETARY POLICY—INQUIRY STANDS

On the Order:

> Resuming the debate on the inquiry of the Honourable Senator Olson, P.C., calling the attention of the Senate to the Government's mismanagement of the economy and particularly monetary policy.—(*Honourable Senator Olson, P.C.*).

Hon. H.A. Olson: Honourable senators, I would request that Order No. 35 stand until later this day in order that it can give way to Order No. 21. If there is no time left after debate on Order No. 21 is completed, I would ask that Order No. 35 be stood until the next session.

The Hon. The Speaker: Is it agreed honourable senators?

Hon. Senators: Agreed.

Order stands.

SENATE REFORM

MOTION TO APPROVE THE PRINCIPLE OF AN ELECTED SENATE CONSIDERED IN COMMITTEE OF THE WHOLE

On the Order:

> The Senate again in Committee of the Whole on the motion of the Honourable Senator Molgat, seconded by the Honourable Senator Hébert:
>
> That the Senate of Canada agrees with the principle that the Senate be reformed, by making it an elected body

with sufficient membership and power to effectively represent the people of Canada in all regions of our land.

The Senate was accordingly adjourned during pleasure and put into a Committee of the Whole on the motion, the Honourable Senator Ottenheimer in the Chair.

The Chairman: Honourable senators, we are now in Committee of the Whole. Senator Olson has the floor.

Senator Olson: Mr. Chairman, I sincerely appreciate the discussions that took place earlier, which led to the debate of this inquiry and I would like to express my appreciation. I owe honourable senators an explanation as to why I made the request.

There is another serious crisis coming in the grain industry. The United States has announced an additional $1 billion of funding to its Export Enhancement Program. Even though the grain market was recovering, it is now in jeopardy and it looks like there will be difficulties.

In view of that situation, I have arranged to go to Geneva and to some other areas in Europe to find out what the European response will be. I understand that I do not have any authority to negotiate anything, but we should at least understand what is going on.

• (1610)

Since I am leaving tomorrow, it is particularly accommodating to me that this matter be taken up today. If I were here on Friday, I could make my contribution to this particular motion or another motion similar to it.

Since this motion was put down by Senator Molgat in February, there have been a number of interesting developments, and one of course is that Parliament has been recalled early to deal with the question of whether there should or should not be a referendum on amendments to the constitution.

I suppose there are some positive aspects to having made that progress, and for that I am grateful. I think one thing that is certainly indicated is that all the first ministers who met in Charlottetown a few days ago were willing to compromise for the sake of Canada. That, in my view, is positive, and I hope that that will be a spirit or attitude that will be prevalent through the rest of the campaign for either a yes or a no to the question that will be put in the referendum.

Quite frankly, I think that most people will realize that, on balance, Western Canada lost a great deal in so far as the federal Parliament is concerned. We lost a large number of members of Parliament. When you talk about the relative situation, there are to be 42 new or additional members. There will be a change because Ontario and Quebec, the two central provinces, have given up a number of senators, from 24 down to six. In exchange for that, they will get 18 more members of the House of Commons for each one of those provinces.

On balance, Alberta, for example, and the western provinces generally, have lost a great deal relative to the central Canadian influence in the Parliament of Canada. Albertans know this. They are not being fooled by Premier Getty coming back to western Canada and saying that he won a Triple E Senate. It is not even a two and a half. It is not even a two and quarter E, because the effective part under the proposal has been washed out. The Senate does not have that any more, as opposed to what he claimed. In fact, it is difficult with respect to even the present situation. It is worse than it was. It was not the improvement that they were seeking.

Honourable senators, Western Canada has grown up quite a bit since 1867. It is time that there was an adjustment in the influence of members of the Canadian Parliament. They had hoped that that would happen, but it has not. The redistribution that is proposed under what is contained in the consensus report, or whatever it is that we got today, leaves Western Canada a net loser when it comes to the real business of Parliament if the Senate does not have the power that it has now to amend or stop legislation that may be discriminatory to a region. We do not use that power very often. I could make a long speech on that, that we should have restructured ourselves so that we could use it once in a while, but we did not, for whatever reasons. Most people know what my reasons are and what my attitude is.

I think we should look at this agreement and try to work on the positive parts of it. We will have another opportunity to correct that problem when the question or the legal effect is put before Parliament, because it will still be this present Senate that will be dealing with that when it comes. If we could amend that part of the whole package that deals with this redistribution of Senate or parliamentary seats so that there is an element of fairness and justice for this whole country, then I think we should do that.

Some of the things that Premier Bourassa was asking for Quebec are contained therein. At least, he says they are there. I am not trying to interpret what he means or what his people think. In any event, there is some objection to some things.

Senator Simard: Not all of what he was asking for.

Senator Olson: He did not get all that he wanted, but he got some it. He got enough so that he is willing to recommend the agreement to the people of Quebec. That is important. I think we should have the Constitution amended to deal with matters such as the distinct society and certain other redistributions of power between the federal and the provincial governments.

I also think we can and should indicate now that when that consensus report comes before this Parliament, we intend to amend that part dealing with the Senate, and either increase or re-establish the authority that the Senate has now.

I am not saying that the powers of the Senate have to be exactly the same as they were before, but they should be similar enough so that some of those provinces or parts of Canada that have grown up very significantly in the last 125 years are given the kind of respect and justice that they deserve. The regional influence in the Parliament of Canada is extremely important to Western Canada, and I suggest to Atlantic

Canada. I do not pretend to speak for the people of Atlantic Canada, but I know I have heard some of them talk about it. It is just as important if not more important than distinct society and all that that means to the people in Quebec.

We should fix this situation. We can fix it if we choose to. I hope that honourable senators will join together in trying to fix it. The consequences of not doing so and letting this unfair readjustment of seats in the Parliament of Canada are very severe, because it diminishes greatly what the four western provinces can do by way of having influence in this federal parliament. All the people out there want Canada to carry on. They want Quebec, and they want Quebec to be satisfied, but not at the price of giving up as much as is indicated by the proposal with respect to the Senate.

At this stage, I am sure we are all asking ourselves, "Well, if we do not agree with it, what do we do now?" I do not think we should vote against the agreement and have a flat confrontation. That, to my mind, will not be good for Canada. However, there is one other thing we could do. We could set the whole question of constitutional reform aside for a few years.

As a matter of fact, ten years ago or so, when the constitution was patriated in 1982, we knew then that those sections of what used to be called—and still could be called—the BNA Act were completely outdated. It is so obvious. Nearly 50 per cent of the federal budget, apart from interest on the national debt, is paid into programs that are under provincial jurisdiction such as education and health and welfare. Everybody knows that.

At the time of patriation, I was in the cabinet. We believed that we should not try to force upon the Canadian people more changes than they could digest. We felt that after we had it patriated and the Bill of Rights installed therein, probably a period of 20 years should elapse before we tackled all of the other things that needed to be updated.

• (1620)

My plea to honourable senators is that when we get to that stage we give an undertaking to correct this one severe difficulty with the package as we know it.

We can do it. I hope that feelings of regional difficulties will not be intensified by writing somebody off. It is great to say, "Well, you can compromise. That is the great Canadian way of doing things." In that kind of compromise, it is the other guy doing the compromising. Central Canada's representation will increase by 36 seats in the House of Commons, which will have the ultimate power to decide on matters with respect to which there is any disagreement. In my view, that is not fair. Western Canadians do not believe it is fair. There will be a great deal of dissension if we fail to fix this when it does come to us.

I want to thank honourable senators again. I hope you will take seriously the plea that I am now making about what we need to do when the proper resolution is before us.

Senator Molgat: Honourable senators, I move that the chairman report progress and request leave to sit again.

The Chairman: It is moved by the Honourable Senator Molgat that the committee rise, report progress, and request leave for the committee to sit again. Is it your pleasure, honourable senators, to adopt the motion?

Hon. Senators: Agreed.

Motion agreed to.

REPORT OF THE COMMITTEE OF THE WHOLE

The Hon. the Speaker: Honourable senators, the sitting is resumed.

Hon. Gerald R. Ottenheimer: Honourable senators, the Committee of the Whole, to which was referred the motion of the Honourable Senator Molgat, reports having made some progress and asks for leave to sit again.

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

Hon. Senators: Agreed.

Motion agreed to.

[*Translation*]

RAILWAYS

PROPOSED SALE OF RAIL—DEBATE CONTINUED

Resuming the debate on the inquiry of the Honourable Senator Graham calling the attention of the Senate to the repercussions of the sale or proposed sale of certain railway lines in Canada.—(*Honourable Senator Corbin*)

Hon. Eymard G. Corbin: Honourable senators, we are now at the thirteenth day reserved for debating this inquiry. This means that two days remain until it expires and is dropped from the Order Paper.

I rise today as I rose last time to keep this inquiry alive. I do not intend to make a long speech, especially since the situation of railway-line abandonment in this country is taking quite a drastic turn.

On entering my office today after a long absence, I noticed that the National Transportation Agency has just published quite a thick volume on transportation, including transportation by rail.

I will now adjourn the debate on this inquiry so that it can be revived. That is, the count will start over at day one with tomorrow's sitting. In the meantime, I will investigate, along with other senators, especially Senator Graham, who takes a very keen interest in this matter of railway line abandonment in Canada.

I therefore move that the debate be adjourned.

On motion of Senator Corbin, debate adjourned.

PRIVILEGES, STANDING RULES AND ORDERS

MOTION TO AUTHORIZE COMMITTEE TO CONSIDER PROPRIETY AND CONSTITUTIONALITY OF AMENDMENTS TO RULES OF THE SENATE—ORDER STANDS

On the order:

Resuming the debate on the motion of the Honourable Senator Haidasz, P.C., seconded by the Honourable Senator Thériault:

That the Standing Committee on Privileges, Standing Rules and Orders be authorized to consider the propriety and constitutionality of the changes and amendments to the *Rules of the Senate*, adopted by the Senate on June 18, 1991; and

That the Committee report no later than October 13, 1992.—(*Honourable Senator Hébert*).

Hon. Jacques Hébert: Honourable senators, as you may know, Senator Haidasz has had a very serious operation and is now convalescing in a Toronto hospital.

I wonder whether we could have an extension for this inquiry.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, if that is not possible, I would suggest adjourning the debate, which could then be rescheduled, and of course I am open to other suggestions.

However, since Senator Haidasz is in hospital and this inquiry was being kept on the Order Paper for his sake, we would prefer, if at all possible, to leave it on the Order Paper.

[*English*]

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, we appreciate the reason for the senator being absent and we sympathize with him. We had agreed in June to put his motion over until September. I suggest we follow the rules and, upon his return, we will put the motion back on the Order Paper and start over again.

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

Hon. Senators: Agreed.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Thursday, September 10, 1992

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

Prayers.

SENATORS' STATEMENTS

GENERAL ELECTION

NUMBER OF DAYS LEFT IN CURRENT TERM

Hon. Royce Frith (Leader of the Opposition): By using simple arithmetic, honourable senators can verify the figures I am about to place on the record. The election clock is still ticking. If the government of which Senator Murray is a member respects democracy—according to his words—the ballots will be cast within 71 days, however, if the present government is cowardly and contemptuous of democracy then the day of reckoning will not be for 457 days.

ROUTINE PROCEEDINGS

A BILL TO AMEND THE DEPARTMENT OF FORESTRY ACT AND TO MAKE RELATED AMENDMENTS TO OTHER ACTS

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-306, to amend the Department of Forestry Act and to make related amendments to other acts.

Bill read first time.

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

On motion of Senator Hébert, bill placed on the Orders of the Day for second reading on Monday, September 14, 1992.

GOODS AND SERVICES TAX

PRESENTATION OF PETITIONS

Hon. Royce Frith (Leader of the Opposition): Honourable senators, the summer break has seen quite an accumulation of petitions to the Senate headed, "We refuse the dictatorship of the GST." The wording of the petitions is similar to thousands previously tabled. The petitions are all signed individually by various citizens of Canada.

In Ontario those citizens reside in Kapuskasing, Larder Lake, Oshawa, Toronto, Welland, Kirkland Lake, Mississuaga, Timmins, Virginiatown and West Bolton.

In Quebec those citizens reside in Abitibi, Acton Vale, Asbestos, Barraute, Lac Beetz, Berry, Coaticook, Cookshire, Dollard-des-Ormeaux, Drummondville, Foster, Fulford, Gwynne, Huntingdon, Ile-Bizard, Knowlton, Lamorandière, La Salle, Lennoxville, Magog, Mansonville, Abercorn, Amos, Authier, Beauceville, Belœil, Bishopton, Colombourg, Danville, Dorval, East Hereford, Frelighsburg, Grantham, Harricannaw, Iberville, Ile Perrot, Lac Allegantic, Landrienne, La Sarre, Macamic, Mancebourg and Matagami.

Also from Quebec we have Montréal, Palmarolle, Pohénégamook, Poularies, Rivière Bleue, Rochebeaucourt, Rouyn-Noranda, St. Damien-de-Buckland, St-Elzéar, St-Jean d'Iberville, St-Joseph-de-Beauce, St-Louis-du-Ha-Ha, St-Marc-du-lac-long, St-Odilon, St-Thèodore, St-Zacharie, Ste-Claire, Ste-Sophie, South Bolton, Sullivan Mines, Thetford Mines, New Glasgow, Pierrefonds, Pointe aux Tremples, Restigouche, Rivière des Prairies, Rougemont, Roxton Falls, St-Edmond, St-Eusèbe, St-Joachim, St-Leonard, St-Malo, St-Mathieu, St-Prosper, St-Urbain, Ste-Anne-de-Bellevue, Ste-Marie-de-Monnoir, Ste-Thérèse, Stanstead, Taschereau, and Val-d'Or.

From New Brunswick, we have petitions from Blacks Harbour, Campbellton, Edmundston, Grand Bay, Grand Sault, Burton, Durham Bridge, Fredericton, Grand Falls, Hatfield Point, King's County, Oromocto, St-Georges, St. Joseph, Welsford, Le Goulet, Petit Pokemouche, Saint John, Westfield, and Wickham.

From Alberta, we have petitions from Donnelly, Faust, Girouxville, High Level, Nampa, Valleyview, Edmonton, Falher, Grande Prairie, Rainbow Lake, and Peace River.

Honourable Senators, the totals are as follows: From Alberta, five petitions with a total of 118 names; from Québec, 81 petitions with 1,614 names; from New Brunswick, 19 petitions, total names 386; and from Ontario, 28 petitions with 495 names. The totals, then, for today's batch are 115 petitions with 2,264 names of people of Canada still against the GST and asking the government to repeal it, or asking us to repeal it, and to call an election immediately.

[*Translation*]

Hon. Jacques Hébert: Honourable senators, I have the honour also to present petitions signed by 547 citizens of British Columbia who oppose the goods and services tax.

These petitions come mainly from Kamloops and Victoria.

I also have the honour to present petitions signed by 545 citizens of British Columbia who oppose the goods and services tax.

These petitions come mainly from Pritchard, Kamloops and Nanaimo. This makes a total of 1,092 citizens of our country

who continue to say no to the GST and who at the next opportunity will say no to the government that imposed this unfair tax on us in the way we know.

[*English*)

DELAYED ANSWERS TO ORAL QUESTIONS

Hon. John Lynch-Staunton (Deputy Leader of the Government): I have answers to questions raised in the Senate on June 2, 1992 by Senator Corbin regarding talks between Canadians and Europeans on the fisheries problem; on June 11, 1992 by Senator Thériault regarding the Lamont-Spencer case; and on June 17, 1992 by Senator Perrault regarding the labour practices of Nationair.

[*Translation*]

FISHERIES

EXPLOITATION OF RESOURCES—POSSIBILITY OF TALKS BETWEEN CANADIANS AND EUROPEANS

(In response to a question raised on June 2, 1992 by the Honourable Eymard J. Corbin)

The facts have been made clear to European Community authorities by the Prime Minister, the Secretary of State for External Affairs, the Environment Minister, the Minister of Fisheries and Oceans and senior officials, most recently in bilateral meetings on the margins of the Earth Summit in Rio. In summary, they are as follows:

-The report on June 5 of the special meeting of the Scientific Council of NAFO has confirmed Canada's findings on the state of the northern cod stock. It stated that the stock has declined sharply since 1990, apparently to the lowest level ever measured;

-Scientists believe that the rapid recent decline is consistent with mortality caused by extreme environmental conditions in 1991. The extent, duration and severity of cold water conditions are especially noted. Other factors discussed include domestic and foreign catches, consumption of cod by seals, and availability of capelin for food.

-Overfishing outside 200 miles is the key "man made" cause of the depleted state of the northern cod stock. In light of the extreme environmental conditions affecting the stock and its low abundance, the impact of foreign overfishing over recent years is even more significant than we had thought in the past;

-The dramatically depleted state of the northern cod, confirmed by the Scientific Council, underscores that in order to rebuild the stock the EC should continue its suspension of its northern cod fishery. All non-NAFO vessels should also cease fishing immediately in this area;

-Canadian directed offshore fishing for northern cod has been closed since the announcement in February of a conservation ceiling. On July 2, 1992 a two year moratorium on the northern cod fishery (2J3KL) was announced by the Honourable John Crosbie, Minister of Fisheries and Oceans. The moratorium was effective immediately and will continue until the spring of 1994.

[*English*)

EXTERNAL AFFAIRS

REQUEST FOR INTERCESSION IN LAMONT-SPENCER CASE

(Response to question raised by Hon. L. Norbert Thériault on June 11, 1992)

The Government sympathizes with all families of Canadians imprisoned around the world and understands that the parents will pursue every avenue possible to bring Ms. Lamont and Mr. Spencer back to Canada.

At this time, the Secretary of State for External Affairs is not prepared to petition the Brazilian government for the expulsion to Canada of Ms. Lamont and Mr. Spencer.

They have been convicted of the serious crime of kidnapping. Canada has an obligation under the International Convention Against the Taking of Hostages to extradite or prosecute persons accused of such serious crimes. If expelled, they would not have to complete their sentence in Brazil or Canada, but would be returned to this country where they would be completely at liberty.

The Brazilian Justice Ministry has made it clear to the Department of External Affairs that they have reviewed the case and do not see any legal basis for requesting expulsion. The Secretary of State for External Affairs came to the conclusion that there were also no diplomatic or humanitarian reasons to make such a request. On the other hand, all legal avenues should continue to be followed.

The Secretary of State for External Affairs expressed concern over the harshness of the 28-year sentences and, on her instruction, Canada's Ambassador to Brazil, as a humanitarian matter, expressed that concern to the Brazilian Foreign Ministry.

As long as appeals are not exhausted, the Secretary of State for External Affairs believes the proper course is to continue through the Brazilian courts. Appeals of the 28-year sentences have been filed on both legal and constitutional grounds.

LABOUR

AIR INDUSTRY—LABOUR PRACTICES OF NATIONAIR AIRLINE

(Response to question raised by Hon. Raymond J. Perrault on June 17, 1992)

The parties have been involved in negotiations to renew their collective agreement which expired December 31, 1990, covering approximately 450 flight attendants. Following the completion of conciliation proceedings under the Labour Code, the employer initiated a legal lock out on November 19, 1991.

At the request of the union, mediator André Courchesne was appointed on January 20, 1992. He met with the parties on a number of occasions up to and including June 20, 1992. While significant progress was made during these mediation sessions, the parties failed to take every opportunity to explore all possible avenues of settlement.

The mediator is in contact with the parties and is continuing his efforts to find some common ground that could lead to a resumption of meaningful negotiations. The parties are being encouraged to make full use of the mediation process and to make those final decisions which would allow them to conclude a revised collective agreement.

LEGAL AND CONSTITUTIONAL AFFAIRS

CONSIDERATION OF TWENTY-THIRD REPORT OF COMMITTEE—ORDER STANDS

On the Order:

Consideration of the Twenty-Third Report of the Standing Senate Committee on Legal and Constitutional Affairs (review of regulations under the *Referendum Act*), presented in the Senate on 9th September, 1992.—(*Honourable Senator Frith*).

● (1410)

Hon. Royce Frith (Leader of the Opposition): Honourable senators, with the kind leave of my colleagues yesterday, I said everything I have to say about this report. While I do not object to its continuing to stand in my name, I did not adjourn the debate as such and I invite anyone who wishes to speak on it to do so, rather than waiting for me.

Order stands.

BUSINESS OF THE SENATE

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, it is the intention of the House of Commons to vote on the referendum question at 8.15 this evening, following a 15-minute bell. The message for concurrence will be sent to us thereafter.

Therefore, with leave, I ask that the sitting of the Senate be suspended until 8.30 p.m.

Hon. Royce Frith (Leader of the Opposition): For the record, the reason for suspending the sitting is that the statute requires one day's notice and, therefore, if we waited until tomorrow we could not start the debate until Monday—or Saturday. So we are really coming back tonight simply to receive the message asking for our concurrence, and to lay down the notice, after which we will adjourn until Friday morning at 9 a.m.

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

Hon. Senators: Agreed.

The sitting of the Senate was suspended until 8.30 p.m.

The sitting of the Senate was resumed.

THE CONSTITUTION

REFERENDUM QUESTION—MESSAGE FROM COMMONS

The Hon. the Speaker: Honourable senators, a message has been received from the House of Commons which reads as follows.

It is ordered:

That, pursuant to the Act to provide for Referendums on the Constitution of Canada, this House approves the following text of a referendum question:

"Do you agree that the Constitution of Canada should be renewed on the basis of the agreement reached on August 28, 1992?

_____ _____
yes no"

That a message be sent to the Senate accordingly and request that the Senate concur in the same.

ATTEST

Robert Marleau

The Clerk of the House of Commons

[*Translation*]

THE CONSTITUTION

REFERENDUM QUESTION—NOTICE OF MOTION

Leave having been granted to return to Notices of Motions

Hon. Lowell Murray (Leader of the Government in the Senate): Honourable senators, I give notice that tomorrow, Friday, September 11, 1992, I will move that, pursuant to the Act to provide for Referendums on the Constitution of Canada, the Senate concur with the House of commons to approve the following text of a referendum question.

[*English*)

"Do you agree that the Constitution of Canada should be renewed on the basis of the agreement reached on August 28, 1992?

_____ _____
yes no"

And that a message be sent to the House of Commons to acquaint that House accordingly.

The Senate adjourned until tomorrow at 9:00 a.m.

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Thursday, September 10, 1992

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THE SENATE

Friday, September 11, 1992

The Senate met at 9 a.m., the Speaker in the Chair.

Prayers.

SENATORS' STATEMENTS

[*Translation*]

GENERAL ELECTION

NUMBER OF DAYS LEFT IN CURRENT TERM

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, in the absence of my colleague, Senator Frith—unfortunately I do not have his document at hand —I can only repeat the statement he usually makes about the number of days left in the current term, based on the comments of my colleague, Senator Murray!

I wonder, therefore, if Senator Frith's could not be deemed as having been read.

ROUTINE PROCEEDINGS

[*English*]

ADJOURNMENT

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding rule 59(1)(*h*), I move:

> THAT when the Senate adjourns today, it do stand adjourned until Monday next, 14 September, 1992, at eight o'clock in the evening.

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

Hon. Senators: Agreed.

Motion agreed to.

[*Translation*]

BANKING, TRADE AND COMMERCE

COMMITTEE AUTHORIZED TO DELAY TABLING OF FINAL REPORT

Hon. Jean-Marie Poitras: Honourable senators, with leave of the Senate and notwithstanding Article 59(1)*f*) of the rules of the Senate, I move:

> THAT notwithstanding the order of reference adopted by the Senate on Tuesday, June 23, 1992, the Senate Standing Committee on Banking, Trade and Commerce be authorized to table the final report on the special study on draft regulations ensuing from the new legislation on Canadian financial institutions, no later than December 31, 1992.

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

Hon. Senators: Agreed.

Motion agreed to.

BANKING, TRADE AND COMMERCE

COMMITTEE AUTHORIZED TO DELAY TABLING OF FINAL REPORT

Hon. Jean-Marie Poitras: Honourable senators, with leave of the Senate and notwithstanding Article 59(1)*f*) of the rules of the Senate, I move:

> THAT nothwithstanding the order of reference adopted by the Senate on December 17, 1991, the Senate Standing Committee on Banking, Trade and Commerce be authorized to table the final report on the special study on the Canadian Deposit Insurance Corporation, the Canadian Life and Health Insurance Compensation Corporation and the Property and Casualty Insurance Compensation Corporation, no later than December 31, 1992.

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

Hon. Senators: Agreed.

Motion agreed to.

GOODS AND SERVICES TAX

PRESENTATION OF PETITIONS

Hon. Jacques Hébert: Honourable senators, I have the honour to present petitions signed by 552 citizens of British Columbia who oppose the goods and services tax.

These petitions come mainly from Kamloops, Vancouver and Salmon Arm.

I also have the honour to present petitions signed by 593 citizens of British Columbia who oppose the goods and services tax.

These petitions come mainly from Little Fort, Chase and Pinantan Lake. This makes a total of 1,145 citizens of Canada, a very small fraction of the hundreds of thousands of Canadians who have vigorously opposed the GST, who continue to oppose it and who will remember the government's contempt on election day.

QUESTION PERIOD

[*English*]

THE CONSTITUTION

CHARLOTTETOWN AGREEMENT—NATURE AND TIMING OF FINE-TUNING PROCESS

Hon. Royce Frith (Leader of the Opposition): Honourable senators, I have two or three questions for the Leader of the Government in the Senate. I want some clarification, if he can give it to me, especially for the purpose of interventions later today on the referendum resolution.

My first question relates to what will happen after October 26; that is, when will we see what has been called the "fine-tuning" that has to be administered to this process?

Hon. Lowell Murray (Leader of the Government): Honourable senators, if the Leader of the Opposition is referring to the text of the constitutional amending resolution, I cannot help him today. I do not know when that will be available. I will enquire as to whether a target date has been established, either by the Minister of Constitutional Affairs alone or in consultation with his provincial counterparts. I rather doubt it. As I said yesterday, I think honourable senators know that this is a very complex and painstaking task of draftsmanship.

Senator Frith: Honourable senators, I was not just referring to the actual draftsmanship for a resolution amending the Constitution, because I understand that the document that we have called the Consensus Report itself requires some fine-tuning. It says in its terms that there are items that have to be clarified or fine-tuned even before we would have a resolution.

Will there be more meetings necessary to do that fine-tuning after the 26th but before the legal drafting is completed?

Senator Murray: Honourable senators, I am sure that the time and energies of the political leaders involved in this process will be devoted almost exclusively to the referendum campaign for the next few weeks. That having been said, however, I think we can safely say that at the official level discussions are going on between the federal government, provinces, territories and representatives of the aboriginal organizations with a view to moving this matter forward for early determination by the political representatives.

Senator Frith: Between now and the assumption that we all make and hope for, a "yes" answer, will the necessary fine-tuning process be completed by other than bureaucrats or fonctionnaires? Parties to the consensus themselves have left certain items dangling, and there will be some fine-tuning activity necessary by them before the presentation of an amending resolution.

Senator Murray: Absolutely, honourable senators. All of the work that has been done at the official level is of course *ad referendum* to the governments involved and the aboriginal participants in the process.

Let me say that while I tend—I think with reason—to be quite prudent about setting any time frames or any deadlines for this work, and while I have emphasized the complexity of the drafting process and the fine-tuning process, I believe the objective of all the participants is, first of all, to obtain a popular ratification of the Charlottetown agreement and then to proceed with all possible speed to parliamentary approval of the constitutional amendments that have been agreed to.

Senator Frith: At any meetings that are required after the referendum answer in order to fine-tune the consensus, that is, meetings by the political leaders who were parties to the consensus, will there also be a consultation process during that period?

Senator Murray: Honourable senators, I rather doubt that there would be elaborate public hearings of the kind that we have had over the last two years. However, there might well be some public consultation on particular aspects of this fine-tuning process. I do not know. Of course, there is still the opportunity, indeed the likelihood in many cases, that, when the amending resolutions come before our various legislative bodies, committees of those bodies will deliberate and hear from the public.

Senator Frith: This may be the result of an occupational hazard, but in preparing my notes for this intervention I had some difficulty using the word "accord" to describe what took place at Charlottetown. As both the Leader of the Government and I have noted, the document does call itself a consensus report rather than an accord.

There is some jurisprudence and literature on the question of an accord and what can properly be called an accord. In the opinion of the Leader of the Government, and as a part of the government's policy, is it correct to call this an "accord" or would it be better to call it a "consensus" or a "basis for an accord"?

Senator Murray: I would call it a political agreement unanimously arrived at.

Senator Frith: The Leader of the Government in the Senate once called a political agreement a "seamless web". I use that phrase to draw his mind to the description that had consequences with reference to the Meech Lake Accord, and I ask him whether the political agreement that we will be discussing, which is the subject of the referendum resolution, is in that sense all one package? I do not hold him strictly to the phrase "seamless web", but is it all one package in the sense that it will unravel if parts of it do not carry?

Senator Murray: Honourable senators, I will resist the temptation to reach for a phrase to describe the situation, but I think the participants would regard the agreement as a coherent whole.

DELAYED ANSWER TO ORAL QUESTION

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, I have a delayed answer in response to a question asked in the Senate on June 18 by Senator Neiman regarding a report of the RCMP Public Complaints Commission.

JUSTICE

ROYAL CANADIAN MOUNTED POLICE—STATUS OF REPORT OF PUBLIC COMPLAINTS COMMISSION

(*Response to question raised by Hon. Joan Neiman on June 18, 1992*)

An internal review by the RCMP revealed that procedural errors were committed by two members of the Force, both of whom received disciplinary measures for their inappropriate actions in this matter. (Provisions of the *Privacy Act* prohibit the release publicly of any personal information which would indicate the nature of the internal disciplinary measures taken).

A letter of apology was sent to Ms. Nowdluk-Reynolds by the Force on February 21, 1991. Commissioner Inkster also apologized for the treatment she received before the House of Commons Standing Committee on Justice and the Solicitor General on April 2, 1992.

Public hearings into the Nowdluk-Reynolds case were held by the RCMP Public Complaints Commission (PCC) in March 1992. A report by the PCC which reviews the details of Ms. Nowdluk-Reynolds' complaint and the actions taken by the RCMP in response to this complaint is expected shortly. The Solicitor General and Commissioner Inkster continue to await this report before deciding what further action, if any, might be appropriate. Commissioner Inkster has provided his personal assurances that he will not consider this case closed until he has received and responded to this report.

The public complaints process followed by the Public Complaints Commission is very rigorous. For this reason, it would be inappropriate to comment further on the PCC's review of this case.

ORDERS OF THE DAY

THE CONSTITUTION

REFERENDUM QUESTION—MOTION FOR CONCURRENCE IN MESSAGE FROM COMMONS

Hon. Lowell Murray (Leader of the Government) moved:

That, pursuant to the *Act to provide for referendums on the Constitution of Canada*, the Senate concurs with the House of Commons in approving the following text of a referendum question:

[Senator Murray.]

Do you agree that the Constitution of Canada should be renewed on the basis of the agreement reached on August 28, 1992?

_____ _____

yes no

and,

That a Message be sent to the House of Commons to acquaint that House accordingly.

He said: Honourable senators, as I said several months ago during debate on second reading of the referendum bill, I am not, and I suspect that most parliamentarians are not, a great enthusiast for referendums on complex issues in a country as diverse as ours. However, the commitment which the government made to complete and thorough public consultation has come full circle. We are now in a position where we will be involved in the ultimate form of public consultation, a national referendum on the subject of the August 28, 1992 constitutional agreement.

With the referendum there comes to a close a process of consultation that began almost two years ago with the Citizens Forum on Canada's Future. During this consultation process, we learned of the respect Canadians have for our diversity and the importance of accommodation and tolerance in our society.

Following upon reports of the Citizens' Forum and the report of the Special Joint Committee on the Amending Formula, the Beaudoin-Edwards committee, the Government of Canada a year ago produced 28 proposals for constitutional change contained in a discussion paper entitled, "Shaping Canada's Future Together." As honourable senators know, these proposals were then referred to the Special Joint Committee on a Renewed Canada, which held extensive hearings across the country, again under the chairmanship of our colleague Senator Beaudoin and of Dorothy Dobbie, MP.

The report of that joint committee formed the basis of the discussions during the multilateral process chaired by the Right Honourable Joe Clark, the President of the Privy Council and Minister Responsible for Constitutional Affairs. These multilateral discussions brought together the federal government, the provinces, the territories and the aboriginal peoples. I believe these talks progressed as well as they did and with the public support that was evident throughout because of the process which allowed Canadians to come forward and make their views known regarding the Constitution. Canadians want to be involved in the formulation of government policy on the Constitution, and in this Canada Round I believe they were.

A number of matters initially pursued with some vigour by the federal government are not in the August 28 agreement. This is largely due to the public consultation process. Such items as the entrenchment of property rights and the Council of the Federation are no longer with us. On the other hand, the social contract originally proposed by Premier Rae of Ontario

is now a central piece of the agreement and it is linked to the economic union.

[*Translation*]

Honourable senators, the question I just tabled asks Canadians whether or not they agree that the Constitution of Canada should be renewed on the basis of the agreement reached on August 28, 1992.

I would like to take a few minutes to review the main aspects of this agreement. I think we should realize from the start that the agreement is the result of a consensus achieved in a spirit of compromise and mutual understanding. None of the parties involved obtained everything they wanted, neither Quebec nor the Western provinces, neither the aboriginal peoples nor the federal government. However, there are no losers.

The Constitution will contain a Canada clause that will be used to interpret the Constitution as a whole, including the *Canadian Charter of Rights and Freedoms*.

The Canada clause states that any interpretation of the Constitution shall be consistent with the preservation and promotion of Quebec as a distinct society within Canada. Quebec's distinctness arises from its French language and culture and its civil law tradition.

To recognize Canada's linguistic duality, the Constitution shall be interpreted in accordance with the commitment of Canadians to the vitality and development of the language and culture of Francophone and Anglophone minorities in Canada and with the role of governments to protect the language rights of these communities.

The inherent right of the aboriginal peoples to self-government would be recognized in the Constitution and confirmed in the Canada clause, as would the status of aboriginal governments as a third order of government within Canada.

In accordance with the general principle of the division of powers, jurisdictions granted to one province will be granted to all provinces. The provinces would have exclusive jurisdiction in eight areas that are better administered at the local level: forestry, mining, tourism, housing, recreation, municipal and urban affairs, manpower training and development and culture.

The provinces would have more responsibilities regarding immigration, and their ability to negotiate agreements with the federal government in this respect, shall be enshrined in the Constitution.

The provinces will have exclusive jurisdiction over culture, but the federal government will retain responsibility for national cultural institutions and federal agencies that work in this area.

As far as the amending formula is concerned, no changes will be made to the Supreme Court or the Senate without the unanimous consent of the provinces and, of course, the Parliament of Canada. Each province would have the right to veto constitutional changes in central institutions.

The amending formula would be changed so that the territories can obtain provincial status by negotiating exclusively with the central government. However, territorial participation with respect to the amending formula and territorial representation in the Senate will be subject to unanimous consent.

The present provision concerning the composition of the Supreme Court, according to which three judges must be members of the civil law bar, will be included in the Constitution. The federal government shall name judges from lists submitted by the governments of the provinces and territories. The role of the aboriginal peoples in appointments to the Supreme Court will be the subject of further discussion.

● (0930

[*English*]

The Constitution would contain a new nonjusticiable provision setting out policy objectives underlying the social and economic union. These would include a comprehensive health care system; adequate social services and benefits—housing, food and other basic necessities; high quality primary and secondary education; protecting, preserving and sustaining the integrity of the environment; working together to strengthen Canada's economic union; free movement of persons, goods, services and capital; the goal of full employment; reasonable standard of living; and sustainable development.

The Senate will have equal representation from each province. The Senate's powers would make it effective, in that it could defeat legislation imposing new taxes on natural resources, delay supply for up to 30 days, and could force a joint sitting of the House of Commons and the Senate by defeating other legislation. A government which wants its legislation passed in a timely fashion will have to take into consideration the views of the reformed Senate.

This agreement represents a blueprint for a new, modernized and flexible federalism. It will make the fundamental law of the land clearer, fairer, and better able to respond to the economic and social challenges of the future.

The decision to proceed with a national referendum was not taken lightly. The risks are real, and there is always the possibility that single-issue concerns will dominate the debate. It is critical that Canadians understand that the consensus agreement they are being asked to consider is, in the view of all the participants in the negotiations, a coherent whole. It is a carefully constructed document that reflects the spirit of honourable compromise, one of the hallmarks of our national identity.

Not everyone will like everything that has been agreed to when topics as diverse as aboriginal self-government, Senate reform, recognition of Quebec as a distinct society, a new division of powers, a stronger economic and social union, the Canada clause and so on are being discussed. However,the constitutional table is not a buffet table where you can pick and choose the things you like and ignore or pass over everything else. The agreement is a package recognizing and accommodating the various competing aspects of Canadian life with the common national interest as our objective.

As the Prime Minister has said on many occasions, a referendum is an extremely blunt instrument whose potential for divisiveness cannot be taken lightly; yet it was clear to us that the best way to bring the Canada round of talks to a successful conclusion was to utilize a ratification process that closed the circle. The essential elements of the Canada round emerged from a process of public consultation, and to complete the Canada round we needed a process that would provide Canadians with an opportunity to acknowledge whether or not first ministers and aboriginal and territorial leaders successfully reflected the diverse aspirations of the Canadian people.

That is why we opted for a national referendum and why, in drafting the referendum legislation, we took many factors into account. First, we felt it important that any form of direct democracy used not be viewed as coercive by any province or group. That is why we have opted for a referendum that is non-binding on governments, for reasons that anyone familiar with Canadian history will understand. It is also why we designed the legislation in such a way as to complement, not usurp, any province's right to hold its own referendum.

As Honourable Senators are aware, Quebec has opted to hold its referendum according to that province's rules and regulations, but on the same day and with the same question as other Canadians will be asked to vote on. I understand that Alberta, whose government is obliged to have a referendum on constitutional matters, is to delegate the responsibility for conducting its referendum to the Chief Electoral Officer of Canada. In effect, Alberta will be taking part in the national referendum, as I believe will British Columbia, under the referendum law passed some months ago by this Parliament.

Second, we wanted to ensure that the rules of the game would be as fair and transparent as possible. We had our debate on this matter some months ago, but that is why the legislation proposes that the spending regime which applies to political parties under the Canada Elections Act would apply to any registered referendum committee. It is also why, in the interests of fairness, disclosure and openness, the legislation provides that all committees intending to spend over $5,000 be registered and that the contributor and their contributions in amounts over $250 be made public.

Third, to ensure that those on all sides of the question will have ample opportunity to inform the Canadian public of their views, the legislation also provides that free broadcasting time be allocated equally to both sides of the referendum question. There is also nothing in the legislation to in any way limit access of all sides to the purchase of broadcasting time.

Honourable senators, at the end of the day on October 26, Canadians will have their say. They will vote on an agreement, and, in doing so, they will have to determine for themselves, "Is this a good agreement for the country? Does it improve our country?"

In its solution to alienation of the less populous provinces, its agreement on aboriginal self-government, and in addressing the needs of Quebec and reconciling that province to the Constitution, it is, I believe, an agreement worthy of the support of the people of Canada.

[Senator Murray.]

[*Translation*]

An agreement on the referendum question will mean an agreement on the future of our country. For all these reasons, I believe that Canadians will say "yes" to Canada on October 26.

[*English*]

Hon. Royce Frith (Leader of the Opposition): Honourable senators, I think it is important that we appreciate what we are being asked to do and, conversely, what we are not being asked to do. Before us is a motion that has already passed the other place. The motion would authorize the government to hold a national referendum on the "constitutional agreement" reached in Charlottetown on August 28, 1992. I can perhaps remove the quotation marks as a result of the question answered by the Leader of the Government during Question Period and refer to it, at least here, as the constitutional political agreement reached in Charlottetown on August 28, 1992.

That agreement was reached after an exhaustive and, one might infer on several grounds, exhausting, effort. It comes to us in the form of a consensus agreement or consensus report as far as text is concerned. Again, what to call it is not clear because nothing was signed, I am told.

In any event, it was the result of an exhaustive and perhaps exhausting series of meetings between representatives of the federal government, ten provinces, two territories, and aboriginal associations. If this motion is approved by the Senate, susection 3(1) of the Referendum Act provides that the Governor in Council may by proclamation put the referendum question to the electors of Canada. We have been told that the referendum will be held on October 26, 1992. If we defeat this motion, the initiative dies. There is no House of Commons override.

Our job, therefore, is to pronounce on two questions when dealing with this motion: First, should there be a referendum? Second, should it be on the question posed?

We are not debating whether or not the Charlottetown understanding is a good package. We are debating whether or not the people of Canada should be allowed to say whether it is a good package. We are debating whether or not the people of Canada should be allowed to accept or reject what their political leaders have created.

• (0940)

We in the Liberal Party support this motion because we do believe that Canadians should have this opportunity. We have long tried to persuade the government to hold just such a referendum and our leader, Mr. Chrétien, has stated time and again,

> The Constitution doesn't belong to the politicians or the bureaucrats, it belongs to the people of the country and we should have a national referendum.

When Brian Mulroney as a private citizen was ruminating about how constitutional change should be accomplished, he said at page 61 in his book *Where I Stand:*

> The debate would be entirely open to the public at all times.

It must be remembered that this was said in the perspective of Mr. Mulroney as a potential Leader of the Opposition. His following words are in italics:

> *There would be no sessions behind closed doors.* Canadians could see and judge those who have been elected to serve them and determine if, in the interest of a more generous country, they have really answered an urgent and irresistible call to grandeur.

His failure to follow his own advice left many Canadians thinking for years that they had been left outside, waiting to hear what was, in fact, being decided behind closed doors. Amends were subsequently made with the Spicer Commission, parliamentary joint committees and conferences. Canadians were consulted—consulted to death some believe—and now on October 26 they will be asked to judge.

I believe a referendum is a perfectly appropriate and legitimate way to conclude the process. As Jean Chrétien said earlier this week on September 8, 1992, as reported at page 12733 of the of the *House of Commons Debates,* by adopting this motion, "...we are giving the Canadian Constitution back to the people of Canada."

The people of Canada will now decide whether what was produced is worthwhile. Therefore the answer to the question: Should there be a referendum, is "yes". We support the holding of a referendum.

Should the referendum be on the question posed? The question to be put is:

> Do you agree that the Constitution of Canada should be renewed on the basis of the agreement reached on August 28, 1992?

Our answer to the second question is a somewhat hesitating "yes". I say "hesitating" because surely in any referendum, individuals potentially holding widely differing views should at least agree that the question designed to elicit their opinion is unambiguous and fair. But already some Canadians are complaining that the question is not fair; that it is not neutral. Again, the question reads:

> Do you agree that the Constitution of Canada should be renewed on the basis of the agreement reached on August 28, 1992?

Honestly speaking, a Constitution, once created, is not renewed. If it is changed, it is amended. Already some are arguing that by saying "renewed" instead of "amended", the drafters have given the "yes" forces an advantage. After all, they say, "renew" has positive connotations. People are instinctively in favour of renewal. They suffer through long, dark, cold months of winter waiting for the renewal of spring. Marketers tell us that they can boost sales of an existing product just by putting the word "new" on the package. One renews marriage vows, one's faith and one's commitments—all renewals of hope. It is a word that strikes a responsive cord and a positive one. Antonyms of the word "renew" are such words as "end" or "decay"—words usually associated with unfortunate events.

The word "amendment" has no such connotations either way. It is much more neutral. However, perhaps others would argue that "amendment" does have negative connotations, having been used so often during the last several years in the context of negotiations to amend the Constitution, something Canadians seem thoroughly sick of. In fact, weariness with constitutional preoccupation is, it seems, a powerful incentive for many who will vote "yes" to the question, just to get rid of it.

Canadians have been asked on all sides to accept the imperfections of the package. We were asked again today by the Leader of the Government in the Senate, and the leaders of the other parties have taken the same position. Therefore it is perhaps consistent for us to ask the people of Canada to accept the imperfection of the question.

However, I wish we were not starting off with reactions like that of the Vice-President of Gallup Canada, Lorne Bozinoff, who said:

> I wouldn't write it that way. The question is biased. That's a professional opinion.

The importance, of course, will be in retrospect when we try to judge, weigh and measure the response on October 26. We do not want the answer then given to be in any way contaminated by allegations of an unfair question.

However, let us also face up to other challenges to those of us supporting the "yes" side. There have been complaints that the question refers not to a proposed legal text but to an agreement which combines legal text with agreed upon principles and promises to conclude political accords. These principles must be translated into legal language acceptable to the participants of the talks. The political accords—which Charlottetown Mark II admittedly is not—are yet to be negotiated. Canadians therefore will not be voting on an actual amendment to the Constitution and, in certain areas, will have but a general statement of principle. Here, however, I believe the question is honest and forthright when it speaks of Charlottetown II as a "basis". I remind honourable senators that the question is:

> Do you agree that the Constitution of Canada should be renewed on the basis of the agreement reached on August 28, 1992?

It is here that I find myself comfortable supporting the question and a "yes" answer to it. I am comfortable asking the Canadian people to say "yes" to the agreement as a basis for an amendment to the Constitution, thereby recognizing the considerable political achievement of Charlottetown and the

work leading up to agreement on even a "basis" for amendment—recalling Dr. Johnson's admiration for bicycle-riding bears in the circus, that it is not how well they do it, but that they are able to do it at all.

For an example of "basis" versus "text" we have clause 15 of the agreement providing that the Senate will have power to ratify "key appointments made by the federal government". The section then goes on to state:

> The appointments that would be subject to Senate ratification, including the heads of the national cultural institutions and the heads of federal regulatory boards and agencies, should be set out in specific federal legislation rather than the Constitution. The federal government's commitment to table such legislation should be recorded in a political accord (*).

I pick this section because the document is studded—yea littered—with such asterisks to mark parts of the package that are intended to lead to real accords, which Charlottetown is not.

Section 15 provides some indication of what appointments are involved, but no list. What if the legislation the federal government tables is unacceptable to the provinces? Will there be more negotiations? Apparently, yes.

At the very end of the document there is a paragraph which states that certain issues were discussed, but not finally resolved, including:

> - consequential amendments relating to Senate reform, including by-elections
>
> - any other consequential amendments required by changes recommended in this report

There is certainly much work yet to be done. One could argue that, not only are there some loose ends to be tied, but gaping holes in the middle have yet to be plugged. This will happen after the people of Canada have encouraged us to do such things and directed us to answer "yes" to Charlottetown II.

In arguing for a "yes", we must acknowledge that we want a "yes" to an agreement among politicians which is far from ready for insertion into the Constitution of the land.

And we must be prepared to persuade Canadians that this is the best that could be accomplished given the mess that the Prime Minister put us in with eight years of heedless and needless constitutional wrangling and the resultant time pressures which were an important driving force in the process. It is very tempting to review at length the unfortunate events and decisions which swept us here, but I will leave that for another day.

So, although it would have been preferable that the question refer to a more precise document, the Charlottetown Consensus Report is what was concluded. Since, as the saying goes, "That's all there is", that is what we must work with.

[Senator Frith.]

As I have said, we are not today debating whether or not the Charlottetown package is a good package. What is before us is a motion authorizing the issuance of a proclamation for a referendum.

Though no agreement is before us, we have a duty, as do all federal and provincial politicians, to take a position on the package. We have done so. The Liberal Party of Canada believes that this consensus, notwithstanding its all too obvious shortcomings, is deserving of support from Canadians.

But as we declare our support, we must be prepared to defend the accord, if we can call it that, and to explain why we recommend it. There will be those who are will vote "no" because they believe that what was agreed to is not best for Canada. It is up to us to convince them otherwise, but not to question their patriotism or love of country because they do not agree with us.

As the negotiations on this agreement were winding down, the Prime Minister said,

> I know there will be fights and I know there will be challenges, and I know the enemies of Canada will not be happy, and they are going to be out in full force.

Although he later explained he had been referring to hard-core separatists, the impression he left was an unfortunate one.

And then, in his speech in the House of Commons on Tuesday, Mr. Mulroney reinforced the earlier impression when he said, "Basically, the referendum relates to the appreciation of what it means to be Canadian . . ." Is he implying that only those who vote "yes" appreciate Canada? He will, of course, answer no, if questioned. But what is the impression those words leave in the meantime?

There are imperfections in this package, as even the Prime Minister has admitted. Those imperfections may persuade many Canadians to vote "no". Those citizens have the right to vote "no" without fear of being insulted as somehow less Canadian or less patriotic than those who vote "yes". This referendum does not ask whether we love Canada. It asks whether we agree with the new political structure proposed by our leaders. That these are two very different propositions should be kept in mind by all of us, particularly the Prime Minister, while on the campaign trail.

As the national debate progresses, differences of opinion will become more public and pronounced. If we do not address the legitimate and reasoned concerns in a reasonable fashion, our chance for a successful conclusion on October 26 will be imperilled. Already, many misgivings about portions of the agreement have surfaced.

In his speech of September 8, our leader Mr. Chrétien had no hesitation in saying, "We are not happy with the provisions relating to the Senate." As he explained, equality has been achieved only at the expense of effectiveness. We in the Liberal Party hope that the rules of the new Senate and House of Commons will be formulated with a view to maximizing this Chamber's influence.

The rule changes forced upon the Senate by the government following the GST debate emasculated a very powerful legislative body. Perhaps it will be possible through an innovative rule book to increase the influence of this Chamber beyond that which is suggested in the consensus. That remains to be seen. In any event, while out selling this package, we will certainly have our work cut out for us when discussing the terms of the proposed Senate.

We will also be challenged when explaining the new amending formula for federal institutions, which requires unanimity, and the weak "economic union" provisions. Both these features were identified as major shortcomings by Mr. Chrétien.

But beyond these deficiencies, which our party readily acknowledges, there are other provisions which cause concern to many and which must be addressed.

We must reassure those who worry that the federal spending power provisions will prevent the federal government from implementing national programs and policies with minimum national standards, such as daycare, medicare and others.

Concerns that a coherent national environmental strategy is undermined by the exclusion of federal jurisdiction from areas such as mining and forestry must be allayed.

Fears that the transfer to the provinces of exclusive jurisdiction over labour market development and training will imperil the development of a well-educated and competitive national labour force must be addressed.

The closer we come to October 26, the greater will be the desire of Canadians for reassurance and answers to these and other questions. If we fail to provide them, we will have failed in our obligation to do everything possible to ensure that Canadians are in a position to make for themselves a reasoned and informed decision on voting day.

The "no" side, and the political leaders supporting the "no" side also must make clear what it is they do not like about the package. Preston Manning has said that he is allying himself with the "no" forces, but offers little in the way of explanation. Simply coming out against the package is not good enough, just as simply coming out in favour of the package is not good enough from political leaders. Mr. Manning has questions to answer. And we must be ready to answer the legitimate and reasoned questions of the Canadian people, if we wish to persuade them to vote "yes".

October 26, 1992, will be a dramatic and important day, forever inscribed in Canadian history, to be studied by countless generations of Canadian students, scholars and politicians. But those of us who are here now—in the "you are there" sense of Walter Cronkite's program of many years ago — must look forward to a day even more important than October 26.

Senator Murray: Senator Lynch-Staunton says it was Edward R. Murrow.

Senator Frith: No, it was Cronkite. Cronkite did the narration.

Senator Murray: I was too young.

Senator Frith: As a matter of fact, so was Senator Lynch-Staunton. That is the reason he is in error.

October 26 will be an important day, yes. But what about October 27? On that morning, what consequences will there be, if there is a "no" vote? One shrinks from the thought. But even say there is a "yes" vote. What will happen then? What is our answer to Canadians who ask that question? We must be ready to answer that question now and during the campaign.

Will this whole issue then be "behind us" and all then be smooth sailing? Or, realistically, must we not acknowledge that this noble experiment in majority-minority relations, which we Canadians have fought to keep alive and have succeeded in keeping alive in the northern half of the North American continent for well over a hundred years, will never be "behind us", but will always require our vigilance and work and our tolerant nourishing? We must not urge a "yes" vote on the basis of a delusion otherwise.

Let us face another challenge if we want to win a "yes" vote, and that is our own potential self-delusion and complacency.

We hear it argued that one of the dangers to a successful "yes" vote is the complacency and the boredom of the people and the fact that they might not work and come out in support of it. But what of our own potential complacency, complacency in the belief that, because almost all political parties and politicians are in favour of a "yes" vote, the people will be too?

We politicians are not exactly front-runners as salesmen of anything, and if we try to delude the people, or threaten them, or tell them they are fools if they do not agree with us, our support could be the kiss of death. Let us not delude, threaten or disparage them. Let us rather answer their legitimate questions and persuade them, not threaten or insult them, that they should say "yes".

[*Translation*]

We should not analyze the two questions I referred to at the beginning, that is: "should there be a referendum?" and "should the referendum be on the proposed question?" without addressing them from Quebec's perspective. The long review process which went on for more than six years and which is now coming to a conclusion was set into motion as a result of the five propositions submitted in 1986 by Premier Bourassa's government.

In what context should Quebec's aspirations or claims be placed?

It is sometimes useful to put oneself in someone else's shoes to better understand him. Let us suppose that 200 years ago, Ontario and Nova Scotia were the only parts of North America where English was spoken and that the French language was spoken everywhere else. Let us further suppose that all over America and Canada, French is the common language, spoken by the President and in Congress in the United States, except in Ontario, the last stronghold of the English

language. If we can imagine such a context, it is not difficult to understand why Quebec is in a peculiar sitution and deserves special consideration, as would have been the case for Ontario or Nova Scotia in our fictitious situation.

That is why Mr. Bourassa, as Premier of Quebec, has seen fit to insist upon certain demands, just as the Premier of Ontario or Nova Scotia would have done in our hypothetical case. History has decided that the majority in America would be anglophone. It has also decided that Canada should be faced with the challenge of allowing an important minority, with its special caracteristics, to live and prosper in the middle of a sea of anglophones.

We, Canadians, have always met that challenge, which was again put forward when the Quebec government, through its Minister of Intergovernmental Affairs, on May 9 1984, stated the five conditions for Quebec to adhere whole-heartedly to the Constitution. The Government of Quebec was presenting its demands, and I do mean "demands".

[*English*]

But one word, it seems to me, has played a mischievous role in our history from a certain point of view. I remember when I lived in Toronto and Mr. Lesage was the Premier of Quebec. I read the French newspapers and I would see that Mr. Lesage "demande quelque chose", and of course the translation into English was that Mr. Lasage "demands". The very use of the word "demands", rather than "asks" as the translation, created a reaction among my fellow citizens of Toronto. If he had been demanding, the word would have been "exige" or "insiste" or otherwise. I make that little parenthetical comment because the verb in the French text, of course, is "demander".

[*Translation*]

As I said, Quebec government demanded, first, that Quebec be recognized as a distinct society, second, that provinces have more say on immigration matters, third, that provinces participate in the appointment of judges to the Supreme Court, fourth, that limitations be imposed upon the spending powers of the federal government, and fifth, that Quebec be granted a veto on constitutionnal amendments.

Those conditions would have been supplemented by other proposals on the distribution of powers proposed in the Allaire Report and incorporated into the platform of the Liberal Party of Quebec.

I am proud to say that during these six years, even at the darkest hours, we, in the Liberal Party, have always supported the efforts made to bring Quebec freely into the Constitution of Canada. And perhaps most important of all, we have also maintained that Quebec should voice its opinion on the effect of a constitutionnal agreement on its aspirations.

If we are prepared to support the Charlottetown political agreement in spite of our grave misgivings, it is to a large extent because it meets some of Quebec's legitimate aspirations and duties; and we rejoice that all Canadians, including those from Quebec, can vote on it by referendum.

[Senator Frith.]

However, if polls are to be believed, it is clear that opinion in Quebec is split on this matter.

Those who support the "no" position have already explained their opposition. In particular, I am thinking of the nine members of the Campeau-Bélanger Commission who are opposed to Charlottetown II. Their statements as reported in the August 29 issue of *Le Devoir* are, in my view, less objectionable than those of Jacques Parizeau and Lucien Bouchard, whose predictable reactions are the result of political motivation and personal ambition.

What are the objections of the former Campeau-Bélanger Commission.

In short, they find that the Charlottetown agreement does not provide for an in-depth reform of distribution of powers; that the equal Senate makes of Quebec a province like any other and weakens its influence at the federal level; that new provinces may be established without Quebec's consent; that some Quebec fields of jurisdiction will be limited by the setting of federal goals and standards; that the distinct society clause is diluted by the enshrinement of linguistic duality; and that the minority status of Quebec within Canada will be set out in the Constitution. The Liberal Party of Canada challenges these arguments, but recognizes that all those who hope for a happy outcome to the October 26 referendum must deal with them and refute them, for they will not go away of their own accord.

I do not wish to get into a detailed analysis which would go beyond the scope of what I intended to say. I will only mention, to make my point, the importance given to recognition of distinct society status for Quebec in the Canada clause.

The new wording of the distinct society clause gives a clearer but non-restrictive definition, and the wording in the Charlottetown agreement reiterates the role of the Quebec legislature and government in the protection and promotion of the distinct society.

With these terms, we fail to see how the other fundamental characteristics listed in the Canada clause, including clause 2.1(*d*) on minority communities, could weaken the distinct society clause, much less threaten the French language in Quebec.

The Charlottetown political agreement provides other benefits for Quebec. I need only mention distribution of powers which, during the past few months, has been one of Quebec's principal demands.

If we take the Allaire Report as a reference point, clearly the Charlottetown agreement falls short of the report's demands. But just as clearly, it provides improvements in immigration, labour market training, culture, regional development, and telecommunications. Moreover, Quebec's position in federal institutions is reinforced, whether it be the

appointment of Supreme Court justices, Quebec's representation in the Parliament of Canada, and the protection of its interests through the double majority or the veto.

We know that negotiating a constitutional accord is as much a political act as a legal act, and that politics are in the realm of what is possible, not of what is perfect. There is thus much wisdom in the Quebec Liberal Party's stance on the Charlottetown agreement. In a resolution passed by a huge majority at its last convention, it said that the agreement:

> [. . .] though less than the party's platform, represents real progress in accord with Quebec's traditional demands.

Our party is of the same opinion. It sees Charlottetown II, in spite of its serious shortcomings, as a major step in the evolution of the historical agreement that allows Quebec and the rest of Canada to develop and prosper, in an atmosphere of mutual respect. Through the referendum, it provides the people of Quebec with a rare opportunity to collectively choose its destiny.

If Canadians must recognize that Quebec must be allowed to pursue its legitimate aspirations, it is every bit as important that Quebecers, in choosing, recognize that the other provinces, particularly those at opposite ends of the country, must be allowed to insist on means for their survival and on their own demands which, for some, mainly concern Senate reform. It may be difficult for Quebec and Ontario to understand such concerns about the Senate, because they enjoy benefits derived from their large population. But it is natural for smaller provinces to seek protection through the Senate, within our Confederation.

To pursue the wonderful Canadian experiment, we must continue to build Canada, to foster relations between the national and the regional governments. History will not stop with the Charlottetown political agreement, and we must not be surprised to hear Premier Bourassa refer to further proposals and negotiations. In a country as vast and as diverse as ours, the will to keep on searching for greater harmony is part of our individual destinies.

Hon. Gérald-A. Beaudoin: Honourable senators, is the Charlottetown agreement realistic? Is it going to work? Will it benefit Canada? This to me is the fundamental question we have to answer.

At this point in our history, it is, I think, a real benefit. Let us think only of the entrenchment in the Constitution of the distinct society concept, of linguistic duality, of native rights, of a guaranteed 25 percent of the seats in the House of Commons for Quebec, of a Senate veto over linguistic and cultural matters, of improved power sharing, of limitations to the federal spending power, of the civil law component of the Supreme Court, of the protection of provincial rights in the central institutions and finally of native self-government.

A "yes" to the referendum would allow us to rapidly trigger the constitutional amendment process. It would mark the end of the present round of intense negotiations. But of course we will still be talking about agreements and the likes.

Let us have a quick look at the main clauses of the agreement.

The Canada clause is an interpretative clause which deals with the fundamental characteristics of Canada; it will be enshrined in the Constitution as section 2 of the *Constitutional Act, 1867*.

The Canada clause does not infringe on the powers, rights and privileges of the Parliament and Government of Canada, of the provincial governments and legislative assemblies and of the First Nations, including their powers, rights and privileges on linguistic matters.

Contrary to the Meech Lake Accord which only recognized the linguistic duality of Canada as a fundamental characteristic, the Charlottetown agreement recognizes eight fundamental characteristics, including the distinct society. It can therefore be argued that the distinct society clause carries more weight from a legal point of view since it is a "fundamental characteristic" of Canada. The distinct society is defined as one which includes a distinct language and culture and a civil law tradition. The word "includes" means that this list is no way restrictive.

The distinct society clause is mentioned in two subsections of section 2. Of the eight interpretative dispositions included in the Canada clause it is the only one, apart from the one dealing with the First Nations, which will be promoted by the government.

As for the distinct society and linguistic duality, the Charlottetown accord contains the substance of section 2 of the Meech Lake Accord and more.

The future Senate will be very different from the present one. Its members will be elected instead of appointed. They will be elected at the same time as members of the House of Commons, and for the same period. Parliament will pass an election law on this. However, it is provided that Quebec (as well as other interested provinces) will be able to have their senators elected by their legislature. This is what Mr. Bourassa wishes to do. Elsewhere, senators will be elected directly by the population.

Secondly, the Senate will be equal in terms of the number of senators representing each province, namely six, and its procedure regarding two responsibilities: the ratification of important appointments such as that of the Governor of the Bank of Canada, and the tax measures applying to natural resources.

However, in any other field, if the Senate opposes legislation passed by the House of Commons, it will have to sit in a joint session for a second vote on that bill. It is therefore a very important reform of our parliamentary system. Quebec and Ontario will each have 18 more members in the House of Commons, to make up for the senators that they will lose in the new Senate; British Columbia and Alberta will respectively have four and two more members in the House.

Thirdly, the powers of the new Senate will be different: an absolute veto as regards natural resources and a one-month suspensive veto on appropriations. There will be four types of legislation and all the bills, except the appropriation bills, will have to be passed or rejected within 30 sitting days of the House of Commons.

If the Senate rejects an ordinary bill, a joint session of both houses will be held and a simple majority vote will decide the outcome.

The suspensive veto of the Senate regarding constitutional amendments remains unchanged. Confidence in the government will not be jeopardized in the Senate. Also, there will be no minister in the Senate.

Finally, and this is a very important change, a double majority, that of all the senators present and that of the French-speaking senators, will be necessary for bills that affect the French language or culture.

• (1020)

[*English*]

The Supreme Court of Canada was established in 1875 by a federal statute, a simple statute. As has been done in other constitutions, it is convenient to enshrine in the Constitution the existence of the court of last resort, and this is provided for in the Charlottetown accord. Furthermore, we will enshrine in the Constitution, for the first time, in an express way, the "civilian" composition of the Supreme Court of Canada. Quebec will then have, quite clearly, the assurance of having three judges—one third of the court. Judges will continue, of course, to be appointed by the Federal Executive, but the provinces and the territories will draft lists of candidates and Quebec will have its own list. In the case of a deadlock, it is provided in the Charlottetown accord that a judge may be appointed on an interim basis. It is an improvement. The text of the Meech Lake accord was silent on that point.

The Charlottetown accord, in my opinion, is better than the present formula. If the accord becomes the object of a constitutional amendment, Quebec will have one quarter of the seats in the House of Commons. This provision will be enshrined in section 41 of the Constitution Act of 1982, and this innovation, in my opinion, is very important.

[*Translation*]

Once Senate reform has taken effect, the number of members from Quebec and Ontario in the House of Commons will increase, as I said a moment ago.

The federal spending power: the Charlottetown Agreement recognizes the federal spending power.

However, we have long known that Quebec wants to limit the federal spending power. The Charlottetown Agreement puts the provinces' right to opt out in the Constitution, under certain conditions; that is, when the federal government puts forward a new cost-shared national program in a field of exclusive provincial jurisdiction and the province sets up a program or initiative compatible with national objectives.

[Senator Beaudoin.]

This clause repeats the one in the Meech Lake Accord. The formula proposed in the Charlottetown Agreement takes precedence over the present legal provisions in this regard.

I turn now to protection for intergovernmental agreements. This is a very acceptable innovation.

A new mechanism to protect certain intergovernmental agreements from unilateral amendment will be enshrined in the Constitution. This mechanism would be in place for five years and could be renewed with the consent of the legislatures concerned.

Immigration: under section 95 of our Constitution, this is a field of joint jurisdiction, with priority to federal legislation in case of incompatibility with provincial law.

Given its disturbingly low birth rate, Quebec had a rude awakening several years ago to the importance of this field; it passed the Cullen-Couture Agreement on February 20, 1978 and renewed it in 1983 and 1991.

Labour force training and development: these two fields will be recognized as in exclusive provincial jurisdiction. At a province's request, the federal government will withdraw from fields of activity related to manpower training and development. The provinces will then be able to limit the federal spending power in these fields through intergovernmental agreements.

A word about culture: The Charlottetown Agreement recognizes exclusive provincial jurisdiction over culture. I think that is a real gain, at least for Quebec and probably for all the other provinces. But of course the federal government will continue to assume its responsibilities for Canadian cultural issues, including major institutions like the CBC.

On the other hand, it promises to negotiate cultural agreements with the provinces so that they can control culture on their territory.

Honourable senators, my time is running out so I will go quickly over what lawyers call the six sisters: forestry, mining, tourism, recreation, housing, and municipal and urban affairs. These six areas are explicitly recognized as matters of exclusive provincial jurisdiction.

The Charlottetown agreement specifies that regional development should not become a separate head of power, which I think is wise. However, a new constitutional provision should require the federal government to negotiate regional development agreements with any province that requests it. These agreements would be protected through the intergovernmental agreement protection mechanism.

The agreement would repeal the power of disallowance and reservation that has not been used for many years.

The declaratory power would be limited and defined.

We finally come to a very important concept: the inherent right of the Aboriginal peoples to self-government.

It is a new right. Native people do not want delegated rights. They want the Constitution to affirm the rights that had always been theirs before Europeans arrived in America.

The Hon. the Acting Speaker: Honourable senators, I must warn Senator Beaudoin that his time is expired. Is there unanimous consent to allow the honourable senator to continue?

Hon. Senators: Agreed.

Senator Beaudoin: Thank you, honourable senators.

The agreement clearly stipulates that the right established in Section 35 does not create new land rights except to the extent that such rights are provided for in self-government agreements.

Any future changes to central institutions would be protected by the unanimity rule in Section 41 of the Constitution Act of 1982.

The establishment of new provinces would become an area of federal and territorial jurisdiction through a bilateral amendment. New provinces could then be created (as was requested) through an Act of Parliament.

However, these new provinces could not play a role in the amending formula without the unanimous consent of all the provinces and the federal government. Any increase in their representation in the Senate would also require the unanimous consent of all other provinces and the federal government.

In closing, honourable senators, I think the agreement must be the subject of a referendum; it is the first time in Canada's history that a referendum is being held on such significant constitutional amendments.

Even the 1867 Constitution was not submitted to a nationwide referendum.

It will be the first time in our nation's history that the Canadian people have their say on such a fundamental issue.

An agreement must be assessed in its entirety. Any constitution is a compromise and every country must have a constitution appropriate to its needs.

I think we will be going in the right direction by saying yes in the October 26 referendum.

[*English*]

Hon. Michael Kirby: Honourable senators, I rise to make some comments on the motion before us and to support it. However, I would like to comment specifically on several aspects of both the process and the substance of the constitutional accord reached in Charlottetown. Let me begin with some comments on the process.

As members of this chamber know very well, it has long been a policy of the Liberal Party to support the principle that constitutional change ought to be approved by the people of the country as whole in a national referendum and not merely by politicians and legislators in the federal Parliament.

Indeed, more than a decade ago during the federal-provincial negotiations on the Constitution in 1980 and 1981, which ultimately led to the patriation of the Constitution and the inclusion of the Charter of Rights in the Constitution, a key point of the Liberal Party negotiating position was that the amending formula should explicitly include a national referendum as a ratification measure. Constitutional amendments should not be made merely by votes in legislatures and Parliament. Unfortunately, during the final night of negotiations on November 5, 1981, that referendum provision was dropped because of provincial opposition. The provinces did not want a federal referendum to be held in their territory. Nevertheless, support for the referendum as part of the constitutional approval process has continued within the Liberal Party since 1981.

Two years ago, in his appearance before the Bélanger-Campeau Commission Jean Chrétien argued for a referendum as part of the amending process. Repeatedly, in speeches both in Quebec and across the country, he has continued to put forward that position.

As someone who has been involved with this issue for some time, I am delighted that this government is finally willing to accept the notion that it can trust the judgment of the Canadian people on this issue. I might note, honourable senators, that this has been a recent conversion. On June 19 in this chamber, as reported at page 1823 of the *Debates of the Senate* in answer to a question from Senator Fairbairn, Senator Murray stated:

> . . . I should also point out that Senator Fairbairn's desire to insist on a referendum in all of the country . . . is not acceptable to the government.

That statement was made by the Leader of the Government in the Senate less than three months ago. However, it is nice to see that the government is willing, at least on certain issues, to change its mind and that it finally understands the position of the Canadian public, and, indeed, the position of the Liberal Party for more than a decade.

With respect to the referendum, before the vote is held it is important that the leaders of the government and those who intend to participate in the debate set out very clearly what constitutes passage of the referendum. There are a number of scenarios which could lead to an extremely ambiguous outcome on October 26. Again, going back to 1981, the Liberal Party position has been that a referendum would pass provided that it passed in all four regions of the country; that, in effect, a regional veto was the rule to be used with respect to counting whether or not a referendum was passed.

It does seem to me, honourable senators, that before people vote in a referendum they ought to understand, when watching television that night, whether or not it has passed. I call on the government to be very explicit in stating what constitutes passage or defeat, and make it explicitly clear that the results of the referendum will be binding on the government.

It is an affront to Canadians to ask for their opinion and then for politicians, both at the federal level and at the provincial level, to take the position that they are not necessarily bound by the outcome of the referendum. At the present time, only the Government of British Columbia, through its legislation, is bound by the outcome of a referendum; but it would be absolutely unconscionable for any government, federal or provincial, to ignore the results of a referendum or the voice of its electorate.

Having said that about the process, I would just make two or three comments with respect to the substance of the agreement which the public is asked to support on October 26.

First, I should like to comment on the so-called Senate reform proposals.

• (1040)

It is an extreme understatement to say it is the weakest part of the package. Perhaps it is an overstatement to say the NDP have finally succeeded in abolishing the Senate in everything but name. Nevertheless, it is clear that the Senate reform proposals are closer to the NDP position than to the position of those of us who have, for a long time, argued for substantially more power in the Senate. I say that as a Maritimer. Effectively what the Senate reform proposals do is absolutely guarantee that all major decisions in Ottawa will be controlled by representatives of central Canada, or Upper Canada, if I can speak as a Maritimer.

Perhaps this starkly illustrates the situation: You have a situation in which 36 MPs have been added to the contingent from Quebec and Ontario to replace the lost Senate seats. Those 36 MPs in fact exceed the total number of MPs which now exist in the Atlantic provinces, which is only 32. Moreover, if one wanted to add insult to injury, one need only note that Quebec and Ontario were given additional seats in the House of Commons to replace the senators they lost. In fact, Nova Scotia and New Brunswick also lost senators, but they were not given additional seats in the House of Commons to replace them. One inevitably asks, "Where is the fairness and the equity in that kind of a proposals?"

In looking back on the debates and having talked to some of the participants in those meetings, it is clear that the supporters of the Triple-E Senate entirely forgot the objective of Senate reform. The object of Senate reform, as, historically, it has been argued by representatives of Western Canada and Atlantic Canada, has been to significantly increase the voice of the smaller provinces in the decision-making corridors in Ottawa. That was the objective of Senate reform.

The supporters of Senate reform decided that the best way to achieve that objective was to go to an equal number of senators. The problem they seem to have had when they got into this debate, not only in Charlottetown but elsewhere, was that suddenly the numbers issue became the sole criterion for gaining added influence for the regions in Ottawa. And we see what has happened. They won on the numbers game but totally lost at the effectiveness game.

[Senator Kirby.]

What we really have now is a situation where, for all intents and purposes, the future Senate will be meaningless in terms of being able to have an impact on national decisions. It will not counter-balance the weight which the House of Commons gives to central Canada by virtue of its population.

For those who argued for a Triple-E Senate, all they got was "equal and elected". What they absolutely did not get was effective. They really got two Es and an I, where the third E has now been changed to "ineffective" instead of "effective".

Honourable senators, there may be some way around this problem—by adjusting the rules by which joint sessions of the Senate and the House of Commons are held. One could imagine, for example, a situation in which the rules of joint sittings were such that they would only be held six months or longer after the Senate had defeated a bill. The net effect would be to give the Senate a suspensive veto.

One could even go further and say that joint sittings, even though they are permitted by the Charlottetown agreement, would in fact never be held if a majority of senators from one region of the country or another voted against the particular piece of legislation.

On balance, on the basis of what was agreed to in Charlottetown, honourable senators, the basic intent of the agreement was not only to emasculate the Senate but thereby emasculate any real attempt at giving added voice and input to the Atlantic provinces and Western Canada.

Honourable senators, before the vote is held on October 26, it is important for the government to state what the rules will be with respect to joint sittings, to ensure that those of us who are concerned about the weakening of the regional voice in Ottawa will understand what, if anything, will be done to strengthen the power of the Senate by virtue of the way joint sittings will be held.

Let me, honourable senators, make just a couple of comments with respect to the economic union proposals. As some of you know, that issue has been around for a long time. It was originally included in the negotiations in 1980 and 1981 and was turned down because of, frankly, provincial reluctance to put any constraints on their ability to impede trade from other provinces. Provincial premiers wanted to be as isolationist on economic policy as possible.

When one looks at the so-called economic union proposals that are in the Charlottetown agreement, one notes that, in effect, nothing has been achieved. What has been achieved is so insignificant as to be meaningless.

It is interesting that there have been a lot of press comments about the fact that there are fewer barriers to trade now between the various countries of Europe than there are between Canadian provinces. Perhaps another observation which is worth making is that there is more movement of goods between Canada and the United States under the free trade agreement than there will be between provinces under

the provisions of the "economic union" clauses in the Charlottetown agreement.

If there is an area in which the federal government failed to successfully conclude changes to the constitution which are in the economic interests of all Canadians, it is in the "economic union" area. It does seem to me this is one of the more glaring weaknesses of the current agreement.

Finally, honourable senators, I would like to just say a brief word about the distribution of powers changes that are contained in the agreement.

Many people will argue, and there has been some press commentary to this effect already, that the federal government has been drastically weakened by the division of powers. It is my view that those claims are exaggerated, frankly. While there has clearly been some transfer of power from the federal government to the provinces, this transfer of power has not dramatically weakened the federal government. What is true, however, is that the constraints on the federal spending power and, in particular, the move to fiscal compensation with opting out, do in fact pose a problem for the country as a whole. It will make future national programs, meaning national standards, virtually impossible.

One of the arguments many of us have made in the past with respect to fiscal compensation has been precisely that compensation would produce a patchwork quilt, if you want, of social programs and their standards across the country. The Charlottetown agreement proposes to enshrine that in the constitution.

There is one further division of power item which concerns me, and that is the one related to manpower training. I raise that as an issue not because I think it is imperative that one level of government or the other have that power for power's sake, but because the interests of the average Canadian, and, indeed, the interests of the business community in particular, are considerably compromised by a fragmented national manpower policy. The minute you say that ten provinces can have their own manpower training programs, you make it very difficult, particularly for smaller provinces, to run programs in those industries not necessarily found in their own province, but elsewhere in the country.

In many of the smaller provinces, one of the most important things that a young Canadian can be given is the skill necessary for that individual to take up a job, not only in his or her own province, but elsewhere in the country. The mobility of the labour force of Canada is critical, and it is particularly important for young people in the poorer regions of the country. The minute you say there will be no national manpower training policy and no national manpower program, you put enormous pressure on the provincial governments. I say this as someone who was in a provincial government for four years.

● (1050)

The Hon. the Acting Speaker: I interrupt the honourable senator to advise him that his time has expired.

Senator Kirby: May I have two minutes, honourable senators, in order to complete my remarks?

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

Hon. Senators: Agreed.

Senator Kirby: The constraints placed on provincial governments, particularly those with small budgets, mean that they will only put manpower training dollars into programs that are particularly relevant to their province. For example, in the case of Nova Scotia, manpower training programs that might well train young Nova Scotians for jobs in the aerospace industry in Ontario, or in some of the high-tech industries in Western Canada, will probably not be offered simply because the limited number of manpower training dollars will go into Nova Scotia-based industries. This is a huge disservice to younger Canadians in the sense that it will constrain their ability to be mobile and gain useful employment outside their home province.

My view on the manpower training issue has less to do with the federal-provincial power fight or a weakening of the federal government than it does with the disservice done to Canadians across the country, particularly young Canadians, who need these skills in order to gain employment elsewhere in the country.

In conclusion, honourable senators, as I said in my opening remarks, I am absolutely delighted with the fact that the package will be put to the country in a referendum. I think that the Constitution is something which belongs to the people as a whole, not merely to politicians.

With respect to the specific substance of the package, as I have already indicated, I have a number of concerns. I think it is clear that various parts of the country did not get what they wanted. For example, Quebec did not get all the powers it wanted. Ontario did not get the social charter it was seeking. The Atlantic provinces and Western Canadians did not get the voice in Ottawa that they thought they would get when they set out on the road to Senate reform.

I suppose the best that one could say about the substance of the proposal is that unfortunately it meets our uniquely Canadian standard of exellence. That is to say, the package will result in "equalized unhappiness" for everyone in the country.

Senator Murray: I take it my friend will be voting "yes" in the referendum.

Senator Kirby: That is correct.

Hon. Noel A. Kinsella: Honourable senators, it is with enthusiasm that I rise to speak in support of the motion that the Senate concur with the House of Commons in approving the referendum question before us today.

It is noteworthy that October 26, 1992 will be the third time in the history of our country that Canadians will vote on a referendum question, the first occasion being in 1898 and the last in 1942.

The proposed referendum question to be voted on on October 26 next is straightforward, concise and clear. It asks Canadians whether or not they agree that the Constitution of Canada should be renewed on the basis of the agreement reached by the government of Canada, the 10 provinces, the two territories and the leadership of the aboriginal peoples of Canada.

Honourable senators, it seems elementary to assume that when a matter of public importance is put before the citizens of a country by way of a referendum vote that the voters have a right to know about the contents of the issue upon which they are voting. I believe that members of Parliament, the House of Commons and the Senate, have a responsibility to help in the understanding of this August 28 agreement.

The first element in the understanding of the substance is the realization that the process which led to the consensus in Charlottetown on August 28 has been one of the most remarkable exercises of participatory democracy ever undertaken by a modern state. Hundreds of thousands of Canadians have been involved in this remarkable development over the past couple of years. The multitude of hearings held by constitutional committees of provincial and territorial legislatures, as well as Parliament, has afforded many public fora for contributors. There has been an aboriginal process. The research and analysis conducted by academics, the televised national policy conferences and the hundreds of community meetings have allowed for unprecedented study.

This remarkable consensus was reached by 17 elected Canadian men and women on a comprehensive package of change relating to all the major constitutional issues considered in this past little while. But honourable senators, let us not lose sight of the diversity and the differences represented in Charlottetown—Canadian leaders representing a nation continent bounded by three oceans and formed from every culture and tradition. Therefore, it is clear that the content of the Consensus Report is the reflection of what Canada is all about.

Honourable senators, let me turn to a few specific issues of substance in the August 28 consensus. The Canada clause acknowledges and establishes who we are as a people and what Canada is as a nation. It captures in a few words the values, history and beliefs which make us Canadians. The Canada clause is a mirror in which we can see ourselves clearly reflected now and in the future.

That clause sets out how we have chosen to govern ourselves within a parliamentary democracy arranged in a federal state. It identifies our cultural heritage by recognizing the rights of aboriginal peoples, the distinctiveness of Quebec society and our linguistic duality. It affirms basic Canadian values, our respect for individual and collective rights and freedoms, and racial, ethnic and gender equality. It gives guidance to the courts in their interpretation of the entire Constitution. It contains a commitment to racial and ethnic equality and diversity.

[Senator Kinsella.]

The social and economic union is a statement of common social and economic policy objectives of federal, provincial and territorial governments. The policy objectives set out in the social union include comprehensive, universal, portable, publicly administered and accessible health care, adequate social services and benefits, high quality education, workers' rights and the integrity of the environment.

The policy objectives set out in the economic union include strengthening the Canadian economic union, the free flow of persons, goods, services and capital, the goal of full employment, reasonable standards of living and sustainable and equitable development.

In addition, first ministers will regularly review progress made in this regard. They have reached an agreement on the principles to strengthen our internal common market and will discuss how to implement these principles at a future meeting of first ministers on the economy.

Honourable senators, the social and economic union will not be enforceable by the courts. The responsibility for implementing the policy objectives will rest with elected governments who are accountable to Canadians. It is noteworthy that development in this area can be guided by Canada's obligations as a party to the United Nations International Covenant on Economic, Social and Cultural Rights.

The new Senate provided for in the August 28 agreement, while not drafted in the way I would have done it is, in my view, workable and, therefore, supportable. Based on my analysis of the proposal, and in light of my limited two years' experience as a member of the Senate, I believe that the envisaged new Senate can be successful. However, success will depend on two critical elements. The first will be the groundwork which the members of the present Senate are able to lay through such means as the constitutional resolutions which must be dealt with in this chamber and the many statutory and regulatory instruments which need to be approved.

The second condition for success will depend on the skill and tenacity of the first group of elected senators in dealing with members in the other place.

Honourable senators, any enterprise is only as successful as the men and women who work therein. Indeed, a brand new limousine in the hands of a poor driver stands much less chance of reaching Montreal than an old beat-up half-ton in the hands of a skilful driver-mechanic.

Senator Frith: And a rowboat seldom beats a battleship.

Senator Kinsella: Our success with a new Senate depends less on the proposed model than on what we will do with it.

The ultimate purpose or objective of any bicameral system of government—and this applies to the envisaged new Senate and the changed House of Commons—is to achieve the best possible legislation. Parliamentary bicameralism is maintained in the proposals with the Senate and the House of Commons each being elected.

Modern bicameralism is premised on the view that two legislative bodies with different systems of representation will likely produce better legislation. In general, the new Senate will continue to be a body of sober second thought, but the motivation for such second thought will be that the new Senate will represent a different point of view from that of the House of Commons.

Bicameralism in the renewed Canadian Parliament is significantly different indeed from the present model. One might aptly describe the new Parliament as being one hall with a salon A and a salon B, working under the same roof but with the roots of the House of Commons and those of the Senate planted in two different systems of representation for Canadians: National representation in the House of Commons and federal representation in the Senate. These two different schemas of representation will bring two different perspectives to bear on all legislation, thus helping to ensure that every province and territory, and the aboriginal people of Canada, can feel that their particular interests are adequately represented and considered.

Honourable senators, in addition to having a different schema of representation, the new Senate will have its own distinctiveness as a second chamber in Parliament. Given that the new Senate will not have a cabinet minister amongst the senators, nor will the rejection of government legislation be a cause of nonconfidence and thus bring down a government, the distinctiveness of the new Senate can be enhanced by not dividing the senators into government and opposition benches. It might be advantageous to the effectiveness of the new Senate to have it organized on the basis of provincial, regional or other such caucus groupings. The new Senate will be an effective chamber if the new senators make it effective.

In terms of some of the outlined powers in the attempt to use federal taxation power to interfere —

Senator Stewart: I wonder if the honourable senator would permit me to ask a question.

Senator Kinsella: If I may just finish, Senator Stewart, I would then be happy to answer questions if we are proceeding that way.

With reference to examples of creativity and the powers that are outlined in the agreement, any attempt to use the federal taxation power to interfere in provincial jurisdiction over natural resources will be subject to Senate control. The Senate will be able to exercise an absolute veto by a simple majority over bills that would result in fundamental tax policy changes directly related to natural resources.

The double majority for bills materially affecting the French language or culture will provide protection for the linguistic minority. The requirement for Senate ratification of many key federal appointments, including the Governor of the Bank of Canada, will ensure greater regional sensitivity in federal institutions.

The new senators might make creative use of the pre-study experience of the current Senate. Indeed, one approach to managing the study of ordinary legislation within the 30 days as required by the agreement could be through pre-study, thereby allowing the new Senate and its witnesses a good period of time to study proposed legislation.

If the Senate amends or defeats a bill, the House of Commons can invoke a reconciliation process to seek common ground. If after 30 days the reconciliation process fails, the Senate can by a simple majority trigger a joint sitting with the House. New senators may be able to develop important tactical and strategic techniques to apply to the new joint sitting process. In summary, this model of bicameralism can, with skill and wisdom, become a huge success, and I believe it will.

In closing, I would like to make a few comments as a senator from the province of New Brunswick. I believe that the accord in terms of content is good for New Brunswick. In terms of Parliament, New Brunswick is to have not only 6 senators but is guaranteed 10 seats in the House of Commons, notwithstanding that we would have fewer than 10 MPs on a pure representation-by- population basis—very important for our province.

Linguistic duality in New Brunswick is recognized and a special amendment will entrench equality of status of English and French linguistic communities in my province. A strong commitment to equalization and regional development is contained therein. The agreement reinforces New Brunswickers' support for strong central government with the ability to maintain our social programs, continued federal responsibility for unemployment insurance legislation, and the ability to initiate job creation programs, a constitutional amendment that commits the federal and provincial governments to ensuring the provision of reasonable comparable economic infrastructures of a national nature in each province, including mine, is maintained.

In conclusion, the substance of the August accord is a good compromise for a renewed Canada. It can work if Canadians are prepared to continue to work together. We have in this proposal a vision of Canada. It is one which I embrace. It is about many things, but especially it is about how Canadians united are better.

Hon. John B. Stewart: I would like to ask the honourable senator a question for clarification. It relates to the relationship of the proposed new Senate to our Parliamentary system. We are told that senators will not be eligible for cabinet posts. That immediately makes me think of Washington where members of the Congress are not in the President's cabinet. In other words, we have here a distinctly American notion.

Similarly, the accord provides that the senators may be elected by the provincial or territorial legislative assemblies. This reminds us of the method used in the 19th century in the United States. It was the Southern approach. The Southerners spoke—indeed, they still speak—of the war, not as "the civil war," but as "the war between the states." They regarded the U.S.A. as "the states united," and people as primarily citizens of the several states, rather than as citizens of the union.

Therefore in this accord, on the one hand, we have this congressionalism or this presidentialism. On the other hand, however, we are told that the Senate elections are to take place at the time of the general elections in Canada.

The question I want to ask the honourable senator is this: In view of the fact that senators are not to be eligible for cabinet posts, and in view of the fact that there is to be no government leader in the Senate—who is to lead the House, I cannot imagine—In view of these facts, will it be a requirement set forth in the final document — all we have now is a mere prospectus for a set of constitutional amendments — that members of the Senate shall not be members of political party caucuses?

Senator Kinsella: Honourable senators, my crystal ball is no better than that of anyone else, but I am operating on the fundamental principle that a tremendous amount of work has to be done, and the experience that is available in this chamber needs to be brought to bear on the grand outline that is provided in the accord. There is a great amount of experience on this hill relating to political affiliation and party discipline. That experience can help determine how the Parliament of Canada Act would be amended and how the rules of this chamber would be drafted. The bicameralism in the Canadian tradition which we are looking to build would benefit from the contribution of the experience that exists here of party discipline and efficacy—or lack of efficacy—of getting legislation through both houses of Parliament, with the eye on the ball. And what is the ball? In my view, the ball is good legislation. That is the purpose, the principle being that two houses should be able to achieve better legislation than one house.

Hon. Jerahmiel Grafstein: Honourable senators, I would like to welcome all honourable senators back from the summer vacation. On July 4th last, Daniel Aaron Grafstein, my first grandchild, was born in New York City where both his Canadian parents are presently working.

Hon. Senators: Hear, hear!

Senator Grafstein: As we are about to engulf ourselves in the tidal waves of this momentous referendum, I ask myself what I will tell him two decades hence when he comes of age. What did I think? What did I advise? What did I do? And what do we tell Canadians who are about to embark on a perilous journey to the unknown? There are no familiar paths or signposts to illuminate our way. We are now moving into unfamiliar territory, government by referendum, so it is not easy.

I decided that first I would look through the prism I know best, the prism of Metropolitan Toronto where I live and work, and which region I proudly represent in the Senate. Metro Toronto is a microcosm of the new Canada where a third of the households speak a first language other than French or English, where the Anglo-Saxon majority has shrunk in a little over a decade to a minority of less than 25 per cent of the population, where the police can arrest in over 90 languages and can answer emergencies in over 130 languages, and where each group is a distinctive, unique society, where differences are respected and where each distinctive group is strong enough, proud enough and free enough that they need no sanction or law to guarantee or promote their distinctiveness at the expense of others. They need just the freedom, just the right, to practise their differences. And each one is proud to be Canadian and proud to live in Canada.

How can we inform these Canadians? We are being asked to fix our relations within Canada by a leap almost akin to a leap of faith because there is so little time, and really so little debate, on the Consensus Report, this deal, that will precede this democratic choice. It seems that this deal, if we are to believe what Mr. Clark said yesterday, is still a moving target.

What is the purpose of democracy? It is to enlighten citizenry in order to allow them to make informed choices, to look before they leap. Therefore these comments must serve, necessarily, as a memorandum to myself since we have received so little on the consequences of the content of the report or the wide gaps which are acknowledged by even the proponents. Yet we are asked to sell this deal to Canadians. There is a rush, a rush to judgment; and whenever there is a rush to judgment, there is always a heavier onus on the sellers. So I say, whenever there is a rush to judgment, let the buyers beware.

The executives of Canada's governments and the heads of the aboriginal peoples organizations have crafted a complex deal, yet have failed to provide adequate time for a detailed analysis of how the deal will impact upon the life of each Canadian. Ideas of taxation and transfers without clear representation or without clear understanding of accountability, ideas of hyphenated Canadianism, ideas about which, in the past, Canadians have justly and rightly been leery, are now about to be embedded in this deal. How difficult is it to turn on a searching spotlight and measure the impact that this deal will have on our lives and our future in the years ahead?

Therefore I ask myself: Does this deal contain the plans for an exciting, soaring, new cathedral made of stone that can support a flourishing body politic in the decades ahead, or is this deal a bright ice palace, shining and glistening at the start, yet so fragile that it must be rushed through a refrigeration process before light and heat can cause a meltdown?

This is not an act of Parliament that can easily be changed in the future. Parliament is not being asked to review this deal. All we are being asked now is whether we agree to ask a question. Meanwhile, the province of Quebec, stage by stage, section by section, is having an open hearing to review the deal. However, that is not what the federal government has asked of us.

Is the light emanating from this deal the light of Kafka, the light that blinds or bonds man's vision? In the mystical Book of Lights there are answers, but we are warned that to find the answers we must carefully ask ourselves the right questions. Questions, in a way, are more important and more difficult than the answers themselves. The courage required and the

difficulty encountered in shaping and phrasing questions are the hidden lights waiting to be uncovered. Does each man have hidden lights, hidden resources of energy to overcome his dark side? What is hidden between the lines if this deal? What is the secret of the questions and margin of answers that will shape the very soul and aspirations of young Canada in the years to come?

Therefore, honourable senators, I set a task for myself. I tried as best I could to remove the emotions, the symbolism, the deceptions, and concentrate on the question of the deal and then the deal itself.

Proper questions have been raised about the referendum question itself. Is it fair? Experienced pollsters have suggested that a more appropriate opening would have been, "Do you agree or disagree?", and have suggested that the body of the question should conclude with referencing the agreement without the words "renewed" or "on the basis of". Both those phrases raise questions in themselves. Is this proposal in reality a renewed federalism or a changed form of federalism? Do the words "on the basis of" mean that governments will be free to interpret or amend the deal, as the deal was altered so many times in so many ways in the course of negotiations by the executives and aboriginal leaders right to the last moment? What mandate will these executives read into the vote? The people have a right to have clarity before they are asked to decide.

As for the agreement, all agree that this is a deal, an imperfect compromise. Therefore we are entitled to measure the substance of the deal based on the benchmarks we were given throughout the course of the debate.

The following are some questions I asked myself: Do you agree that this deal will strengthen the nation's economy; yes or no? Do you agree that this deal will improve the governance of the nation; yes or no? That the deal will enhance individual rights; yes or no? Expand national social programs; yes or no? Enrich our nation's culture; yes or no? Reduce trade and investment barriers between provinces and regions of the country; yes or no? Cause increased taxation; yes or no? Amplify the rights of the disabled and the disadvantaged in our society; yes or no? And finally, sustain the Charter as our paramount source of rights; yes or no?

• (1120)

When I ask these questions, other people immediately confront me with the challenge: Why even ask such questions if the consequences of the answers will lead to the destruction of the subject matter itself, Canada? Canada, we are told, will fall apart if this deal fails. We will have to start all over again. This is a rather explosive and dangerous rationale, and it could lead to self-fulfilling prophecies. We should be very careful with words such as this because the words which we seek to save us may end up destroying that which we seek to preserve.

It is very hard to contend with this argument, but there is a difference, a fundamental difference now, different than before. Now, no part of this country can falsely argue or falsely claim that it was humiliated. No province of the country can say it was left out if the voters choose to disagree. In Quebec, we are told that the debate is now centered on the deal itself, not on the sovereignty option. We are also told that in Quebec and Ottawa, this is not the end of constitutional negotiations; it is the beginning of the beginning.

Whether this deal is approved or not, Canadians in all provinces may have a first choice. The choice may be for a moratorium. A majority of Canadians may ask for a moratorium. They may be tired. They may prefer the imperfect present to an uncertain, imperfect future. They may prefer the status quo.

Many believe that the 1867 Constitution has served us well. Surveys in the past have demonstrated that Canada is the best place in the world to live, based on the present Constitution. Yet nobody to date, no pollster to date, as best as I can understand it, has asked Canadians in all regions if they are satisfied with the current Constitution. Indeed, the strongest argument I have heard for the deal is that we should get it over with—in fact, we must get it over with or we will fall apart. This seems to me too fragile a basis upon which to construct a new Constitution for the next 100 years.

Let us turn, however, to the questions on the deal reached in Charlottetown. Why in the social charter is there a right to collect social benefits under existing programs but no right to work? Why can provinces opt out and receive federal tax revenues, which would increase the national deficit and the national debt, and not require such provinces to at least co-sign on the resulting debt? Who is a "francophone"? Can my grandson ever be a "francophone"? Who is an "aboriginal"? Can I ever become an "aboriginal" if I learn a native dialect? What is "culture"? Will these definitions divide or unite Canadians? Are we creating "homelands", a notion that all Canadians abhorred in the South African Constitution? What are the boundaries of the "distinct society"? What is the overlap? Will the concept of linguistic equality from coast to coast be eroded? This is a concept of linguistic equality which was debated and which is now fretfully accepted by a majority of Canadians.

In order to demonstrate my concern on linguistic equality, honourable senators, I want to turn to one provision on page 12, section 30 of the Consensus Report on the Constitution. Referring to the powers that are to be transferred exclusively to the provinces, which include forestry, mining, tourism, housing and recreation, the report says this:

> Considerations of service to the public in both official languages should be considered a possible part of such agreements.

Does this mean that services may be provided on a unilingual basis in provinces except New Brunswick, which under this deal will be bilingual? Will tourism, recreation and housing be offered on a unilingual basis in all provinces except New Brunswick? These are serious questions affecting our vision of equality and national unity.

There are other questions that I must ask myself. Who pays? What is the inflationary cost of this deal? Do citizens

have a right to know the financial costs as well as the political consequences?

The Leader of the Government in the Senate has advised us that the legal text of this agreement will not be available until October 26. This is certainly a very curious way to convince and persuade a democracy that this new constitutional palace has ample room for the expression of diverse views and the aspirations of all Canadians. In Denmark, each citizen received a complete and final text of the Maastricht treaty before they were asked to choose the next step. They rejected that agreement, and the EEC did not fall apart.

Honourable senators, I wait to hear others answer these and other questions, mindful of the imperative that the consequences of rejecting this imperfect deal may be chaos; but to imply or suggest that this deal augers the end of constitutional wrangling or debate in this country is inaccurate and misleading.

This national debate did not start well. At first, we were told we could not even question this deal. It was unpatriotic or worse. Again, this is a rather curious form of democratic leadership. Is it appropriate in a democratic society, bonded together by political parties, to condemn those who would ask questions and then attempt to marginalize or exile them to the outer fringes of party and public life? Surely politicians and citizens are entitled to publicly question themselves about this important matter. If the essence of this deal, these Constitutional proposals, cannot stand the light of careful examination by questions, those anxious authors must be very frightened that hidden crevices might be discovered.

We have gained from this constitutional debate. One lesson is absolutely clear: The impulse for Canada, based on the polls I have seen in every village, town and city, in every region and every province, remains strong for Canada. The impulse to continue together is strong and, if anything, the constitutional process has demonstrated that Canadians in all parts of Canada are generous, patient and prepared to compromise, perhaps even more so than their political leaders.

A final question: Is this deal built on our strengths or our weaknesses? Over a century ago in the heart of Europe, when we were constructing a new Confederation in North America, a new order in Europe was being developed; not necessarily a better order. It was called the White Revolution. History might provide us with some insight. The leader was Bismarck. Henry Kissinger wrote:

> The new order was tailored . . . to restrain the contending forces . . . by manipulating their antagonism.

Of this period, Kissinger, that master of realpolitik, wrote again:

> Whenever peace—conceived as the avoidance of war—has been the primary objective of a power or a group of powers . . . the system has been at the mercy of the most ruthless member.

[Senator Grafstein.]

So, honourable senators, and so to my grandson Daniel, we are left with more questions than answers. Next it will be up to the wisdom of the people of Canada to decide. May the forces of light illuminate their deliberations.

Last weekend, senators, I attended a delightful wedding of two working Canadians of Jamaican origin—both hard-working Canadians—on Eglinton Avenue West. I attended this wonderful wedding together with their families and friends from Toronto, New York, Jamaica and England. A very dignified gentleman sat down beside me and said, "Senator, we love Canada. Whatever you do, and I am not sure what the right thing is because it is pretty confusing to me, keep Canadians together. We have got a great future here."

Hon. Senators: Hear, hear!

Hon. Lowell Murray (Leader of the Government): May I assume that the honourable senator will be voting "yes" in the referendum?

Senator Grafstein: Every question begs a question, honourable senators.

Hon. Nancy E. Teed: Honourable senators, I rise today to take part in this debate on the national referendum question and on the Charlottetown constitutional agreement. I do so with a great deal of pride in my country and pride in the goodwill of its people and its political leaders to make this country work.

I believe the work that has been done towards the constitutional agreement during the past two years has been truly overwhelming. It started with the Citizens' Forum on the Constitution and a special joint comittee on the amending formula, continued through the presentation of the government's 28 constitutional proposals, then through the Special Joint Committee on a Renewed Canada—to mention only a few of the processes, committees, etcetera—and finally, the multilateral process, which concluded with this comprehensive agreement for constitutional change. I wish to salute all those who participated in the various processes that brought us to the Charlottetown agreement.

• (1130)

I have analyzed this agreement from my perspective as a New Brunswicker, a former Minister of Health and as one who passionately cares for the future of my country, and, just as important, at least to me, the future of the region I represent. Let us not kid ourselves; the failure of this country to hold together would be nowhere more keenly felt than in Atlantic Canada. We would be isolated from the rest of Canada, if indeed the rest of Canada held together.

Atlantic Canada, because of the nature of its economy, small population and distance from large markets, would be hard hit should Canada fail. Higher interest rates, flight of capital, lost investments, stock market declines and a further recession are all possibilities. The separation of Quebec from Canada would increase the isolation of the Atlantic provinces

in the Canadian federal system. The region would be less visible than Quebec and Ontario.

I believe the unanimous Charlottetown agreement on constitutional renewal reflects the constitutional aspirations that Atlantic Canadians themselves have articulated throughout the process that preceded the Canada round of first ministers' discussions. Atlantic Canadians' interests going into the talks were clear. At the end of the day the federal government's ability to act decisively in the national interest had to be preserved. A stronger voice for Canada's regions and national affairs had to be provided for, and Canada's traditional commitment to equality had to be reaffirmed. This agreement meets these objectives.

Nothing in the new agreement will diminish the federal government's ability to initiate new national programs that respond to the real needs of people. However, provinces wishing to opt out of new national programs will be able to do so with full compensation, if they undertake similar programs better suited to their particular needs and interests but compatible with national objectives. More to the point, federalism will become more flexible. The federal government will defer to any province's wish to restrict its spending in most areas of exclusive provincial jurisdiction and will transfer, upon request, relevant responsibilities and resources to that province. Where a province wishes current arrangements to continue the federal government will maintain its commitments.

This is an important caveat for Atlantic Canadians who have traditionally relied on a strong central government to ensure equality of opportunity and a fair share of the benefits of the Canadian federation.

In areas of shared jurisdiction the agreement will provide for a greater level of stability and predictability than has been the case. For example, the requirement for advance notification of possible changes to funding arrangements and such national cost-shared programs as a Canada Assistance Plan will be entrenched in the Constitution. So will the government's commitment to equalization and to the provision of regional development assistance to ensure a comparable economic structure in each province and territory. These two are important gains for Atlantic Canada, a region that for a long time has sought to acquire the essential tools it needs to take in hand its own development.

The consensus reached on a reformed Senate, which provides each province an equal number of Senate seats regardless of population or size, is also a step forward for Atlantic Canada. It recognizes the principle of provincial equality as a fundamental characteristic of the Canadian federation. The new Senate will oblige the lower and upper houses of Parliament to speak to one another and will be given the power to block arbitrary and discriminatory taxes on natural resources through a simple majority vote.

It would also have the power to exercise an absolute veto over appointments to federal boards and institutions such as the Bank of Canada, thereby ensuring greater regional balance and sensitivity in federal appointments. Atlantic Canadian senators will be vigilant in ensuring such appointments are familiar and sympathetic to our regional needs, concerns and aspirations.

A strong economy and an effective, viable social safety net are perhaps more important to Atlantic Canadians than to other Canadians. The strengthened economic union that results from this agreement will prevent the creation of new impediments to inter-provincial trade, thereby facilitating the free movement of goods and services and of people within Canada and improving competitiveness and the business environment. This is a goal long sought after by New Brunswick.

By way of media announcements this morning, I understand that the Atlantic premiers met yesterday in Nova Scotia and signed an agreement relative to removing the economic barriers between the Atlantic provinces. I hope and pray that what I heard in the media this morning is correct, because it is a step in the right direction.

At the same time the "social union" proposals clearly state that adequate health care, social services, responsible access to housing and food and quality education would all become objectives of the Canadian federation.

Finally, the new protection afforded linguistic minorities in the agreement and the decision to recognize the aboriginal Canadians' inherent right to self-government both provide for new strengthened partnerships among all Canadians. In particular, I am pleased about the specific constitutional amendment agreed to between the federal government and the New Brunswick government to entrench the equality status of the English and French linguistic communities in New Brunswick, including the right to distinct educational and cultural institutions.

This historic agreement is good for all Canadians and allows all parts of the country to move forward together to meet the challenges of change. It is for all those reasons that I will join with my premier, the Honourable Frank McKenna, colleagues in this chamber, colleagues from the House of Commons and all New Brunswickers to ensure that citizens become as well informed as possible regarding the Charlottetown agreement so that the majority of New Brunswickers will vote for Canada on October 26.

Honourable senators, I will vote in support of the motion as moved by Senator Murray.

Senator Molgat: Is my friend not going to ask Senator Teed for a scorecard?

Senator Frith: Is she taking the "fifth" also?

Senator Teed: I stated that in my remarks.

Hon. Jack Austin: Honourable senators, I value this opportunity to share with you some of my views as a senator from British Columbia, which is also a separate region of Canada. I do so in a way that seeks to express the turmoil that this constitutional process is causing in my province. I assure you that British Columbians have followed, as much as any part of Canada has, the constitutional debate that we have had for such a long time now in Canada, and the spirit of Canada

is strong in British Columbia. However, there is also a sense of disaffection amongst a substantial number of people in my province about the weight and significance that British Columbia will hold and deliver to the Canadian Confederation of the future.

British Columbians have a sense of themselves as an expanding province, as a province which is Canada's gateway to the Pacific and Canada's western province in the north-south axis of North America. A very substantial number of the people of North America live in the north-south corridor from California to Alaska. It is a region that has an awareness of itself as a region.

In the Pacific Northwest we talk about regional arrangements and we give it the name Cascadia. There has been a strong movement in the province of British Columbia, as well as in Alberta, along with the states of Washington, Oregon, Idaho, Alaska and some parts of northern California, to develop regional ties, to reduce barriers in trade and the movement of peoples and to reduce the qualitative legal barriers that domestic laws on both sides of the border have created, so as to allow the development of a new sense of society, and of course more active commerce.

Senator Frith: Qualitative legal barriers?

Senator Austin: I am talking about customs tariffs and the whole array of politically imposed and regionally imposed—in the sense of states and provinces—barriers to movement. This development of Cascadia I see, along with many British Columbians, as a positive development. It has been furthered, however, by an increasing sense of isolation from the east-west ties. What has gone on in central Canada, what Senator Kirby called Upper Canada and also Lower Canada, the old province of Canada, is seen by many in British Columbia as increasingly less relevant to the interests and the affairs of the people of British Columbia. I regret that. The development of positive attitudes to a region is consistent with national loyalties. I believe that the Canada that we have been committed to, the Canada that I believed in and do believe in, is a noble experiment and demands our first loyalty and our first commitment.

Today, many British Columbians are asking whether there is sufficient reason to give Canada that level of commitment and loyalty. Of course British Columbia will remain in Canada. Of course British Columbia will accept the political institutions that are achieved in the Charlottetown accord, if they are acceptable to the rest of Canada. There is a difference between the spirit of commitment and the form of commitment. It is that spirit of commitment that is in issue in British Columbia today.

In terms of British Columbia's achievements in these negotiations, I believe that the leadership of the province of British Columbia has much to account for in terms of its responsibilities to the people of British Columbia. I do not bring blame to the total constitutional process. Each province in these negotiations is here to look after its own interests. The federal government, to give it its due, has earnestly sought a national compromise. As one observer of Canada stated, "a Canadian is someone who takes moderation to extreme." That is a good definition of some of the negotiating positions of the federal government.

With respect to the issue that I touched on at the beginning—the role of British Columbia in the federal process—I believe that through the results of the negotiating process and the lack of a fixed vision on goals, to which Senator Kirby referred, this Senate as it will be reconstituted by the Charlottetown accord will, so far as British Columbia is concerned, be of no particular significance. The sense that British Columbia has truly an appropriate role and impact on the exchange of ideas, the exchange of issues that manage Canada, that make Canada grow, that make us a greater country, has been damaged, and the result of the Charlottetown accord will leave British Columbia with a larger sense of indifference than ever before.

I have always seen Parliament as the place for the trade-offs within a democratic political system which create a greater good for us all. I have always seen the genius of the British parliamentary system as leaving something for each part of the negotiating process and for each interest in that negotiating process.

When we set out to deal with constitutional issues in the era of the early 1970s and again in the early 1980s, it was to make and reinforce the supremacy of Parliament as a place for the negotiation, trade-off and settlement of the key issues of the Canadian Confederation; it was building this Parliament that we saw as the absolute fundamental issue in the greatness of Canada and in the working together of its peoples. In that sense, the Charlottetown accord is an absolute failure. "Absolute" is a strong word. It is a failure. In the Charlottetown accord we have created parallel structures that weaken this Parliament. We have a regime of premiers who are also now part of the national governance of this country although they are not elected nationally. In the Charlottetown accord we have agreed that we will have a separate system of consensus outside of this Parliament with respect to the structures and many of the policies that will affect the running of this country. I think that weakens Canada.

So far as this chamber is concerned, while I have always advocated an elected Senate, and did so at the first opportunity I had to speak in this chamber when I became a senator, I did not have in my mind—and could never have had in my mind—the concept of the Senate as it is described in the Charlottetown agreement. That Senate will not represent western interests. It will not serve effectively as a check on the executive, which was one of its principal reasons for being brought into existence originally. I cannot see its role as effective in serving the interests of the minorities of this country. In fact, to be frank, senators, the future Senate described in the Charlottetown agreement will be a standing royal commission,

elected by some provinces and chosen by the executive of other provinces if the current provisions in the Charlottetown agreement are carried through into our constitution. With different qualities for entry, no doubt we will still get a highly competent group of people in this chamber. However, their influence as regional representatives will pale before that of premiers and of other authorities. Their significance in terms of their relationship with the House of Commons will be as perhaps today only in terms of the quality of the individual and the standing of that individual. It will become a more partisan chamber and the idea that it will be reflective of the national issues of the mid and longer term has been virtually eliminated. The way in which senators are chosen will be linked to party and will, perhaps, be linked to the leadership of the party.

• (1150)

The candidates for election, where senators are elected, will be chosen by parties or by party leaders. Because it will be a house of minorities, they will be bound to party discipline. They will be committed to it before they are chosen to run. Where the provincial premiers decide they should make the choice through their majority in their elected legislatures, they will be bound to another brand of partisanship. What kind of a Senate will that be? I do not believe that Canadians in their right mind, except for the premiers and the prime minister, would want that kind of Senate to represent them; nor do I believe this Charlottetown accord represents the wishes of a majority of Canadians for an elected upper chamber.

What we have seen is that the very people in this country—and they are a very small minority—who wish to avoid being checked in any way, shape, or form by an upper chamber are constituted as the architects of the upper chamber. The Prime Minister, and I do not refer only to the incumbent but to any prime minister, would seek to have as little check by an Upper House as possible, and of course the premiers have no desire to have rivals for their authority here. These are the people who are our architects.

I know senators here share with me many of these views. I have seen no fire for the Charlottetown accord in this chamber on either side of the house. I have seen no argument that it contains a new soul for Canada. I have heard nothing from any senator that says that this will reinvigorate Confederation.

Let me come, then, to what we have before us. For the reasons that Senator Kirby gave and other reasons, I certainly support the resolution being referred to the people of Canada. I have always thought that constitutional changes are the property of the people. I think that is the way to discourage constitutional change except when absolutely required in a country. I do not believe constitutions are ordinary pieces of legislation or that they should be at the will and the whim of passing interest groups. Too much of that is reflected in the Charlottetown accord.

I believe strongly that a referendum process belongs in the Canadian constitution. I wish to God that there had been a referendum before the Canada Act, 1982, had been brought to law, because the issues that have flowed in the last ten years would have been settled then. This country would now be responding to the economic and social challenges that the world is seeing. Those are challenges, as all senators know, that are immense. It will be a struggle for Canada in the years ahead to meet its present standards of excellence. Other societies are on the march. Other societies have achieved technical —

The Hon. the Acting Speaker: I wish to advise the senator his time has expired. Does he have unanimous consent to continue?

Hon. Senators: Agreed.

Senator Austin: Other societies have achieved enormous technical advances, and they have a sense of their own identity. That sense of identity, whether it be German, Japanese, American, or Mexican, brings about a common sense of being in the world. It brings about a sense of team work. It brings about a sense of purpose. We are a country still struggling to evolve a common identity. We are very much still a new country in that sense, and we have not forged for ourselves an identity which is a rallying point for the people of Canada.

Marshall McLuhan said, at an earlier time and in a happier Canada:

> Canada is the only country in the world that knows how to live without an identity.

I think if he were here today, he would want to rewrite that particular statement. I think we have not yet learned how to live without an identity. Of course what Marshall McLuhan was describing was the highest and most noble characteristic of any nation, to understand that its identity is in its compassion towards its peoples, its tolerance of difference, the fairness of its legal system, the effectiveness of its democracy, and its capacity to earn a standard of living which is at least equal to that of any other country in the world.

It is with a heavy heart and no enthusiasm, as honourable senators have seen, that I make these remarks. I will answer Senator Murray's question before he asks it. Yes, I will support the Charlottetown accord on condition:

On condition that I am satisfied that it quiets the issue of constitutional change in this country for a reasonable period of time and that the government will forthwith state that its purpose is to conclude these issues within the Charlottetown accord in constitutional terms and then leave the question of constitutions for a long period of time and turn to other issues; on the condition that statements such as those being made in Quebec and Ontario, that this is only a way station in the evolution of the Canadian identity and constitution, and that there will be another station immediately ahead of us, are not part of the issue and are not part of the government's purpose.

Senator Murray: How do you expect those conditions to be met prior to October 26?

Senator Austin: I want a statement from the Prime Minister on behalf of his government that the issues contained in

this accord will be settled according to the accord or within the framework of the accord, and that once constitutional legislation is passed that flows from this accord, it will not be the purpose of the government to entertain further constitutional change to the constitution which requires unanimity or seven out of ten provinces for a period of five years from that time.

Senator Murray: For clarification, I think what the honourable senator is asking is that the federal government would undertake to veto any proposal for any proposed amendment of the constitution originating with the provinces during that period.

Senator Austin: No. I have no difficulty with the federal government carrying out studies, holding exchanges, doing analysis, but that it will not bring forward legislation for national debate for a period of five years.

I say to you, and I hope honourable senators will understand, that what will carry the approval of the constitutional accord in the province of British Columbia, and what will carry it in the province of Alberta, where I believe there is some difficulty obtaining approval, is the assurance that the agenda of this country will not be driven by constitutional questions for a period of time into the future.

Quite frankly, and I say this with caution but I believe out of necessity, there is a deep resentment in western Canada and in my province—I will speak for my province particularly—that the national agenda has been driven too much by constitutional issues and too much by the internal debates within the province of Quebec. I say that not with approval, but to state what I believe is a fact in the life of my province.

I believe the health of this country depends on turning to issues that most concern individual Canadians, their security, their potential for economic mobility upwards, the lives of their children, and the opportunities which this country can afford those children. I believe with all my heart that if this country will turn in that direction, then our future will be secured in a way that will be a security to this nation itself. Thank you, honourable senators.

● (1200)

Senator Murray: I take it my friend will let us know prior to October 26 whether the conditions he has posed for a "yes" vote have been met.

Senator Austin: I think it will be on the record, honourable senators, whether those conditions have been met. If you meet those conditions, something which will be easy to see, then I assure you my vote will be in the affirmative.

Senator Frith: This is, however, to be a secret ballot, I take it. You will not be asking all Canadians to tell you how they will vote, will you, Senator Murray?

Senator Murray: Just my colleagues in the Senate.

Hon. John Buchanan: Honourable senators, almost 14 years ago I attended my first federal-provincial conference as a participant, and at that time we discussed the Constitution of

Canada. For over 12 years thereafter I attended, as a participant, every federal-provincial conference on either the economy or the Constitution. Most of them over that period of time were on the Constitution.

I was also a signatory to the 1982 accord which was mentioned this morning. Frankly, that was an imperfect document, leaving out, as it did, some 8 million Canadians from the Constitution of Canada.

I was also a signatory to the 1987 Meech Lake Accord, as well as to the completion of the accord in 1990. In my opinion that accord was an excellent document, although it was certainly not perfect. We also saw the failure of the Meech Lake Accord.

Over the last number of months I listened to what was going on with the premiers of Canada and the Prime Minister. Having sat as I did with every premier since 1977, as well as three prime ministers, I could not help but say to myself that it was *déjà vu*, in that much of what was being discussed had been discussed for many years. Those discussions culminated in 1990 with the unfortunate failure of the Meech Lake Accord.

We have before us now another document which, frankly, is not a perfect document. After all, in political life in dealing with the Constitution there is no possibility of getting what could be called a "perfect document".

The booklet which has been distributed to us states, "Our Future Together—An Agreement for Constitutional Renewal". That is exactly what it is. Canadians are rather tired of the Constitution debate. They have been listening to it for many years. It is time to get on with other things.

For that reason and many others I certainly will be voting "yes" on the referendum, as I will be voting in favour of the resolution before the Senate.

Therefore, I move the adjournment of the debate.

On motion of Senate Buchanan, debate adjourned.

UNITED NATIONS

PEACEKEEPING—DEBATE ADJOURNED

Hon. B. Alasdair Graham rose pursuant to notice of Wednesday, September 9, 1992:

> That he will call the attention of the Senate to UN peacekeeping.

He said: Honourable senators, last week I attended the annual meeting of Liberal International in Mainz, Germany. The discussion ranged from free trade in a changing world to the evolving situations in Latin America, Africa, East and Central Europe.

On Saturday, with some 500 delegates from 35 countries, I had the privilege of chairing an in-depth discussion entitled, "United Nations Peacekeeping and War Prevention."

The principal panellists for the discussion were Paavo Vayrynen, Foreign Minister of Finland; Helmut Schafer, Minister of State for Foreign Affairs, Germany; and Brian Atwood, President of the National Democratic Institute for International Affairs in Washington.

I recognized that the request for me to serve as chairman of the debate was to many of the Europeans present only an instinctive gesture toward a citizen from a country with a well known tradition of peacekeeping. For me, personally, it was not only a honour but a deeply felt challenge.

As I prepared my notes for the occasion, it became a cause for deep reflection on the kind of country I know Canada to be. Those reflections were especially relevant as I consider the historic events of today.

Among other things, I asked myself why it was that Canada had developed a national facility for international peacekeeping — in fact, a pathfinder role. I did so with the very conscious memory of a remarkable Canadian who was the first mentor to some honourable senators still in this chamber, a man I had the honour to know personally, the Right Honourable Lester B. Pearson.

Mr. Pearson carved out a multilateralist identity for Canada. As President of the United Nations, he made that body a principal pillar upon which Canada's foreign and defence policies were conceived. It was Mike Pearson who was the architect of the first United Nations peacekeeping mission to Suez in 1956 and who later was awarded the Nobel Peace Prize for his efforts.

Mr. Pearson, better than anyone I know, understood the accidents of geography and of history. Canada was thrust between the superpowers at the northern end of the world. This meant an important lesson, one common to all glacis states—that security had a broad and multi-faceted meaning. It meant that Canada was, as John Holmes once said, a country without a region. In fact, our region was the world. As a middle power, we would concentrate our effectiveness at the margins, as Mr. Pearson was fond of saying, for it was at the margins of the world where peace would be conceived.

If there are many roads to peace, our polar preoccupation ensured that we explore as many as our national capabilities would allow. Our polar preoccupation ensured that we would, indeed, be pathfinders in this area.

Many a fine Canadian soldier-diplomat explored those roads. Major-General Lewis Mackenzie returned recently from one of them, a horrifying road into a place called Sarajevo, a road that many of my congress colleagues in Germany last week had travelled themselves.

Lewis Mackenzie is a Nova Scotian by birth. To me, it is worth noting that part of his education was attained in my home area at Xavier College, now the University College of Cape Breton.

In a meeting I had with General Mackenzie shortly after his return, the world's best known peacekeeper noted that every country in trouble has taken down the Canadian telephone number and is saying, "Hey, we would like you to come and help out here, too."

And I remembered thinking at the time, well, when we pick up the phone, we had better have a good understanding of the implications.

I do not think I have to tell honourable senators about the broad meaning and the nature of threats to security in our decade. Third World poverty is a threat to security. We cannot hide, as global citizens, from the disease, misery and environmental refugees of the other side of the world.

Our traditional notions of the military threat are now surrounded by the new marauding forces of our time—the forces of hypernationalism, of hatred, of the proliferation of weapons. They are the apocalyptic destroyers of whole societies. They feed upon each other with a frightening congeniality.

We presently watch the destruction of Somalia. We watch as former Yugoslavia collapses with a terrible ferocity. We want to pretend that this is our brother's problem. But the phone is ringing. Canada has been her brother's peacekeeper many times in the past. Our telephone number is well known. Many will say to us, as General Mackenzie pointed out, "Hey, we would like you to come here and help out". And there will be desperation in the tone of that call.

And when we answer the phone, we had better understand the implications. The international community now hovers on the realization that circumstances may entail the use of force to save lives. Canadians may be asked to assist in the rebuilding of whole societies where even essential civil infrastructures have ceased to exist.

While in Germany I had a strong sense of what that kind of building would entail. Perhaps the fact that the congress was held in Mainz—a city nearly entirely rebuilt after allied bombings in World War II—contributed to my appreciation of the enormity of the task.

I do not presume to tell honourable senators what they already know—that devastation on the other side of the world means that we can expect many more of our brothers to ask us to be their peacemakers.

When, therefore, as Canadians, we pick up the phone, we must be prepared to anticipate the full significance of the request, because peacemaking may be an even more formidable task in the future. It may include the rebuilding of stable communities. It may include the negotiation of assurances that minority groups will not be destroyed. It may, among many other tasks, include assistance for refugee protection and famine relief.

Evidently, we need to think about the implications before we even answer the phone. We have to, as Canadians, ask ourselves a lot of important questions.

We know the burdens on our soldier-diplomats will be even more formidable in the future. Are we ready to commit the resources to sustain new roles of peacemaking? Are we prepared to train them to cope with the prerequisite demands that a broad-based definition of security entails? Do we, as

Canadians, have a sufficient understanding of the relationship between security and military capability? Do we believe, honourable senators, that Canada could play an important role, a crucial role, as a model and an educator for other national forces? Do we, as a nation, have the will to be our brother's peacemaker?

We must understand that the implications are different now. The phone is ringing. Our brother wants us to engage in assisting him to build a lasting infrastructure for peace. So what do we tell him?

I believe Canadians will answer that call and we will say "yes". Our history dictates the response.

When World War II left much of the world in ashes, we dedicated ourselves to reconstruction. We were asked to help build an infrastructure for peace. We did it then and hopefully we will resurrect that spirit and we will do it again.

Canada is a nation built on ethnic and cultural compromises. It is a microcosm of the international community.

We know that international unity is a process and that we must work hard to keep that process on track. Peace is also a process. And we must, as Canadians, keep that process on track. That is why I believe, honourable senators, that, when our brother again calls and asks, "Hey, can you help out?", we will answer that call and we will say,"Yes"—"yes" with our hearts, "yes" with our minds; because that indeed is the Canadian way.

On motion of Senator Molgat, debate adjourned.

The Senate adjourned until Monday, September 14, 1992, at 8 p.m.

THE SENATE

Monday, September 14, 1992

The Senate met at 8 p.m., Senator Gerald Ottenheimer, Acting Speaker, in the Chair.

Prayers.

SENATOR'S STATEMENTS

GENERAL ELECTION

NUMBER OF DAYS LEFT IN CURRENT TERM

Hon. Royce Frith (Leader of the Opposition): Honourable senators will be pleased to hear that the election clock is still ticking. There are 67 more days for democracy, but 453 days for those cowardly and contemptuous of democracy.

THE LATE RIGHT HONOURABLE PAUL MARTIN

TRIBUTES

Hon. Royce Frith (Leader of the Opposition): Honourable senators, earlier today we lost a great Canadian. Though that is a term frequently used, I use it without reservation because when Paul Martin died this morning, he left behind a bright trail of accomplishments and achievements.

At a dinner in 1984 to establish the Paul Martin Chair, an endowed professorship at the University of Windsor, former U.S. ambassador G. Mennen Williams said: "To try and pay tribute to Paul Martin is like trying to describe the Crown jewels—there are so many different facets to his career." In reviewing all of the activities in which he was involved, the accomplishments he made in his 89 years, I, too, found it difficult to determine what to say and what to emphasize.

Paul Martin's education was most liberal. He was educated at the University of Toronto, Osgoode Hall Law School, Harvard Law School, Trinity College at Cambridge and the Geneva School of International Studies. He was awarded honourary degrees from a number of universities including Michigan, Dalhousie, Toronto, Laval and Queen's.

The list of awards Mr. Martin received is far too long to list completely. However, he was awarded the Sir Alfred Zimmern Scholarship in 1930, named an honourary life member of the Royal Canadian Legion in 1936, and awarded the Christian Culture Award in 1956.

Paul Martin began his career in the House of Commons when he was elected in the general election of 1935. He was re-elected to the House of Commons in the next nine elections and served as the member of Parliament for Essex East for 33 years until 1968. On April 20 of that year, he was summoned to the Senate and appointed Leader of the Government, a position which he held until his retirement in 1974.

In Parliament, he held many positions of great importance. He first became a member of the Privy Council in 1945 when appointed Secretary of State. One of the first acts he was instrumental in passing was the first Citizenship Act which declared Canadians to be Canadian citizens, and no longer British subjects.

From 1946 to 1957, he was Minister of National Health and Welfare. It was his work during this period that prompted Mitchell Sharp, his successor at External Affairs, to say this morning that Paul Martin was the father of our social security system. It was Paul Martin who was largely responsible for many of the social programs we value today, such as universal family allowances and the federal old age security program. Though not the responsible minister for medicare, we are told that his ceaseless advocacy in cabinet for the program was crucial to its introduction in the early 1960s.

In 1963, he was appointed Secretary of State for External Affairs. In this capacity, he headed many delegations to NATO and the United Nations and was involved with the Auto Pact negotiations and the establishment of U.N. peacekeeping forces in Cyprus.

Of the 33 years served in the House of Commons, Mr. Martin served 24 years in the cabinets of Mackenzie King, Louis St. Laurent, Lester Pearson and Pierre Trudeau. These were then followed by 6 more years in the Senate as Government Leader.

In his first speech in this Chamber, the honourable senator said:

> I came here to continue, in co-operation with senators on all sides, to work for the national good. My aim—and this I should state at the beginning—is to contribute as best I can to the activity and the strength of this chamber, which I recognize, as well as the Government of Canada.

He went on to discuss the importance of the Senate and of preserving the Senate. He did not believe that we had to wait for Senate reform to improve the Senate, but that it could be done through hard work.

The last time he spoke in the Senate, which was on his retirement on October 30, 1974, Mr. Martin talked about his faith in our Canadian parliamentary system:

> My wish is to speak in favour of our Canadian parliamentary system. We must not lose faith in that system. Let us defend it, against those who feel it is obsolete. We must of course define it and find new ways to improve it, but the principle is good.

When he left the Senate in 1974, he did so in order to become Canada's High Commissioner to London.

Besides his parliamentary responsibilities, Mr. Martin was active in a number of other activities. He was an official delegate to the League of Nations in 1938 and a member of the Canadian delegation to the United Nations General Assembly in 1946 and 1949. He was instrumental in ending a nine-year deadlock for the admission of 16 new members to the United Nations.

In 1979, he established the Canadian Institute for Advanced Legal Studies at Cambridge University. The purpose of the institute was for the further education of judges, professors and lawyers.

He won, in August, of 1982 the Canadian Award by the John G. Diefenbaker Memorial Foundation. A spokesman for the foundation said that Mr. Martin exemplified the ideals of his adversary, John Diefenbaker, involving freedom of the individual and free enterprise.

Mr. Martin's autobiography has been published in two volumes. The first volume is called *A Very Public Life*—and many of us here shared in a reception for him when that book was launched; the second volume is called *So Many Worlds*. He completed the second volume at the age of 82.

He was named Honourary Chairman of the 1987 Ontario March of Dimes campaign. His personal bout with polio as a child had inspired him to work at this task with a great amount of vigour.

On July 1, earlier this summer, Paul Martin was elevated to the title of the Right Honourable Paul Martin. That is the highest title that can be given to a holder of public office in Canada.

In a *Toronto Star* article he wrote on May 22, 1984, discussing the Liberal leadership convention, Mr. Martin quoted Sir Wilfrid Laurier, his personal hero:

> I am a Liberal. I am one of those who believe that in all human affairs there are abuses to reform, new horizons to discover, and new forces to develop.

Paul Martin worked relentlessly to reform the abuses he saw, discover those new horizons, and to develop those new forces. He will long be remembered in Canadian history as a great man, and his mark on our society will continue to shape our futures.

Hon. Senators: Hear, hear!

Hon. Lowell Murray (Leader of the Government): Honourable senators, the great Canadian political figures of an earlier generation are fast disappearing from our midst. These are people who began their political careers at about the onset of the Second World War. They were in Parliament during those tumultuous and traumatic war years. They held office and guided Canada's destiny through the epochal social and economic changes of the post-war period. In the 1960s and 1970s they were still at the forefront of national affairs, active in deliberations on the Constitution, language policy, national unity, foreign affairs.

[Senator Frith.]

• (2010)

Last week we paid tribute to the late Honourable George McIlraith. This morning came word of the passing at the age of 89 of Canada's senior Privy Councillor, Paul Martin, who, as the Leader of the Opposition just mentioned, was very appropriately raised to the rank of Right Honourable on July 1, 1992, the one-hundred-and-twenty-fifth anniversary of our Confederation.

Paul Martin's parliamentary career began in 1935 with his election to the House of Commons and ended in 1975 with his departure from the Senate to take up new responsibilities as Canada's High Commissioner to the United Kingdom. Over those 40 years Paul Martin became a Canadian political legend for his electoral successes, his political and parliamentary skills and the strong leadership he gave to two of the most senior portfolios of government, National Health and Welfare and External Affairs.

His political personality was so prominent that journalists and others usually overlooked, or were unaware of, his brilliant academic background and his great intellectual gifts. In his remarks, the Leader of the Opposition referred to the academic career of the late Senator Martin. Those who knew him well and were in a position to judge these matters always described Paul Martin as a person of great erudition and scholarship.

Earlier today, I read his maiden speech in the House of Commons delivered on June 18, 1936 at the age of 33. This was during the Throne Speech Debate in the first session of that Parliament. The speech was almost entirely devoted to foreign affairs. The M.P. who had immediately preceded him in the debate was the eminent J. S. Woodsworth. Mr. Martin proceeded to take issue with something that Mr. Woodsworth had said, and he stood his ground even when Mr. Woodsworth rose to protest the interpretation that had been made of the remarks.

Paul Martin then went on to suggest to Prime Minister Mackenzie King, who was also in the house that night, that he ought to reorganize the Department of External Affairs into various geographical sections. He then continued to deliver a marvellously cogent speech on the League of Nations, its history, Canada's role in it, the use of economic sanctions and military force and the implementation of various treaties to which Canada had been a party. In passing, he took exception to a speech that had been delivered in Hamilton sometime previously by the former Prime Minister, R. B. Bennett, then the Leader of the Opposition, and then he concluded by making four constructive suggestions to the government, including Canadian membership in the Pan American Union, which I think was the predecessor of the Organization of American States.

This was a cause that Paul Martin was still advocating 40 years later. He hoped, he said at that time, that his speech

would not be considered presumptuous. Whatever his elders may have thought of that, the speech reads like a tour de force, even today. His first speech in the Senate on September 18, 1968 and his farewell speech to Parliament on October 30, 1974 are, both of them, well worth reading.

His final speech especially was an eloquent tribute to the parliamentary institutions which had been his home for 40 years.

[*Translation*]

The honourable Paul Martin personified the spirit of bilingualism and biculturalism upon which our Confederation was founded.

Throughout his public life he showed untiring devotion to Canadian unity.

By birth a Franco-Ontarian, he was always very aware of the aspirations of Quebec and concerned about French-speaking communities in the other provinces.

In 1971, he was with Prime Minister Trudeau at the Victoria Constitutional Conference. Near the end of his life, Mr. Martin had the pleasure of seeing his son, Paul Martin junior, elected to the House of Commons as member of Parliament for a Quebec riding, and to witness the remarkable progress of his son in parliamentary and public life.

We are pleased that his son is keeping up the excellent tradition of public service which his name will always symbolize for us.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, I would like to join in the comments made by my colleagues Senators Frith and Murray about our old friend Paul Martin.

Anyone who has done anything in politics, certainly on the side of the Liberals, but even in the other political parties, could not help but come into contact with Paul Martin eventually.

For myself, I have been active in the Liberal Party for many years in my province, and we could always count on Paul Martin if we needed a speaker or someone to take part in our campaigns. He was always there to help us.

However, it was in this place that I really came to know Paul Martin, as, a short time after my appointment here, when he was Leader of the government in the Senate, I was myself appointed party whip.

At the time, senator Martin did just about everything! He was Leader of the government in the Senate, Deputy Leader of the government in the Senate, and even whip on occasion.

We worked very closely together for some time. That's when I came to appreciate Paul Martin fully for what he was, a dynamic man, a man of ideas, a man for whom Canada was everything. He was a real patriot, always a Canadian first. Today, we have lost in Paul Martin one of the great architects of our society, of our generous society, of our society which feels a duty towards the poor, the sick and the disadvantaged. It is thanks to men like Paul Martin that we were be able to build our Canadian society.

I therefore wish to express my sincere sympathy to Mrs. Martin and to their son Paul. Of course, they have lost someone much closer to them than we have, but we have all lost a friend and a great Canadian.

[*English*]

Hon. John Buchanan: Honourable senators, I should like to say a few words about the late Right Honourable Paul Martin. I have known Mr. Martin personally for the past 14 years. I believe you will find it interesting to learn how I came to meet him and to know him.

• (1520)

In 1978, I was invited to the Press Club Dinner here in Ottawa with a friend of mine from Cape Breton who had done very well in the business of journalism here in Ottawa and on the hill, Stuart MacLeod. I was sitting next to Mr. Martin at that dinner, having been introduced to him just before the dinner. He told me that in 1971 he was in Halifax, staying at the Nova Scotian Hotel during the Tory leadership campaign, and had watched it on television. He said, "I picked you as the winner."

I said to myself at the time, "It is safe enough for him to say that to me now," because I had won, but that was seven years after the convention. I thanked him very much and said, "Why did you think I'd win?" "Well," he said, "I will tell you. When I entered politics in the 1930s, there was a gentleman came to see me. I had known him before, and he was the secretary of the YMCA. They were planning a dinner for the Windsor-Sarnia area. He, as the secretary of the rather new YMCAs in the area, wanted me to be the guest speaker at a fund-raising dinner. At first I declined, but he had rather persuasive powers, and finally I said, 'Well, maybe I will do it, but I will have to have some time to think about it.'"

"The man said, 'You don't have much time because the dinner is in two weeks. I have to give notice that you are the speaker. Look, I will make a deal with you: If you will be the guest speaker at the YMCA dinner, then I will work for you in the upcoming election.' This was in 1935."

Paul Martin looked at me, and he said, "You know, he was such a superb organizer that I accepted that offer. I said, 'Fine, I will speak at your dinner if you will be one of my chief organizers in the upcoming election.' He was, and I was elected, and he worked for me in two more elections after that. His name was Buchanan, and that is why I thought you'd win." I said, "What was his first name?" Mr. Martin said, "Angus." I said, "That was my Uncle Angus who was the secretary of the YMCA."

That was my first meeting with Paul Martin. From then on, whenever I was in Ottawa, I would call Mr. Martin.

In 1982, I believe it was, when I was in London, he attended a dinner for my wife and me when he was the High Commissioner. During the dinner, he told everyone assembled

the story about Angus Buchanan having been his top organizer in his first two elections. Then he quickly turned and he looked at me and said, "The one question I want to ask is, What happened to you, young Buchanan? Your uncle and I understand your father were strong Liberals."

Well, I gave him an answer that I will not repeat here because we are a nonpolitical body. I was awfully happy to be there for two reasons: First, to be at the dinner and, second, to hear that great gentlemen, the Honourable Paul Martin, call me "Young Buchanan".

I saw Mr. Martin not too many months ago at Montreal airport. He had a tremendous memory. I went over as he was being wheeled into the Air Canada lounge. I said hello to him and started to tell him who I was. He said, "Oh, no, I remember. You are Angus's nephew." He turned and he told the people with him the little story about Angus Buchanan. I was waiting for him again to say, "What happened to you, young Buchanan?" but I guess I looked older to him then so he did not say it.

You could call Mr. Martin one of God's good gentlemen. To me, he was always a gentleman.

● (2030)

Mr. Martin was many things: statesman, politician, parliamentarian, and Canadian. He will be long remembered by the people of this country.

On a personal note, I wish to extend my sympathy and that of my family to his family. He will be sorely missed.

Hon. B. Alasdair Graham: Honourable senators, speaking of winners and losers I first met Paul Martin in 1958. There was a model Parliament at St. F. X. University. There were a lot of young people who later became political luminaries who were participating. I think of Paul Creaghan, who is now a Supreme Court Justice in New Brunswick and who had been a cabinet minister in the Conservative government of New Brunswick. Gerald Doucet was the Minister of Education in Nova Scotia. I am sure Senator Murray, although he had graduated two years earlier, was lurking somewhere in the background, as I am sure Senator MacEachen was.

Some special advisors had been imported for the occasion, including Gordon Churchill, for the Conservative Party on the campus, Doug Fisher for the then CCF, and Paul Martin for the Liberals. The federal election was imminent. Paul Martin thought I should run, and he told me so. He told me what a great life it was and what a wonderful profession politics was. That night in 1958 I announced my candidacy. As the record will show, I was defeated. The present Prime Minister of Canada was the Conservative campaign manager on the campus and Rick Cashin of Newfoundland, the President of the Newfoundland Fishermens' Union, was the Liberal campaign manager. We won the campus, but not much else. As a matter of fact, Senator Finlay MacDonald was president of the Conservative Association in Nova Scotia at the time.

[Senator Buchanan.]

Some 14 years later I was sworn into this chamber with the late George McIlraith, the late Henry Hicks and the late Margaret Norrie. Upon my arrival Senator Martin said, "Congratulations, you finally arrived." I am not sure that he would share those sentiments today with respect to his enthusiasm or optimism concerning my future in this chamber.

While he was there we wanted to make use of his presence. It was suggested by the local party brass that we should book some time on radio station CJFX. When we sat him in front of the microphone he said, "What would you like me to do, 30 seconds, 60 seconds, two minutes, five minutes, 10 minutes or 15?" I said, "Well, let's shoot the bundle and go for 15." He replied, "That means I will speak for 13 minutes and I will give you a minute at the beginning to tell them who I am and a minute at the end to tell them who I was." In his own eloquent, convincing way, Paul Martin went on for 13 minutes, finished exactly on the second, and the rest is history.

For many years, the Senate itself used to sit on Tuesday nights. On many occasions, he invited me, as I am sure he did others, to go for a ride when the Senate adjourned, when he began to unwind. Richard Greene will remember that well. He would unwind behind the wheel of his Chrysler, which I am sure came from Windsor. Very few people would know that he smoked a cigar on those occasions. He always thought he could hoodwink me into thinking that I was there so that he could enjoy the pleasure of my company. However, halfway up the Parkway he would say, "What does Allan say?" Allan MacEachen was the Leader of the Government, President of the Privy Council in the House of Commons, and Paul was the leader here. Paul really thought I knew more than I did when it came to MacEachen's tactics in the House of Commons.

Honourable senators, Paul Martin was probably the most consummate politician in the world. He was the voice of the old, the voice of the young, and the voice of the young at heart. He was the passionate advocate of the average Canadian.

I know, as Senator Buchanan mentioned earlier in regard to his many visits to London and to Paul Martin when he was the High Commissioner, how much he was respected abroad. He was admired and respected in his own country. Indeed, he was loved both at home and abroad. His record speaks for itself. Canadians shall always be in his debt.

To his family, I extend an expression of the deepest sympathy.

Some Hon. Senators: Hear, hear!

Hon. Richard J. Doyle: Honourable senators, I am pleased that Senator Buchanan made a reference to Paul Martin and his presence at a Press Gallery dinner. It would be wrong to have an evening of tribute to the right honourable gentleman without mentioning his close relationship with the press.

The honourable senator mentioned a gallery dinner. As many are aware, there is an anthem that is sometimes sung in the alcoholic aftermath of Press Gallery dinners. It is sung

with great gusto to the tune of *Land of Hope and Glory*. The words go like this, "George Drew knew my father, father knew George Drew!"

You would never have heard that song at our house when I was growing up in Chatham, Ontario in the 1930s and 1940s. But you could hear my sister and my brothers boast, "Paul Martin knows my father," and, better still, when the time came, "Martin's the man, and we know him."

As my father explained it, Kent County had foolishly elected a Tory and it had been necessary for Paul, like a great horned owl, to spread his wings from his nest in Windsor to cross the 52-mile line to Chatham and watch over us for Mr. King.

I was the first of my clan to go into the newspaper business, but my brother Bill followed. The link—press and politics—with Paul Martin was forged for life, particularly for my brother Bill, who was making his start at the *Windsor Star*.

I was still at the Chatham *Daily News* when Paul marked one of those great occasions that Senator Frith mentioned that punctuated his early career in politics. He was Secretary of State in the St. Laurent government and as such he devised and carried the legislation that, as Senator Frith said, gave the most of us who dwelled in this land Canadian citizenship. Coming as it did two years after the end of the Second World War, it carried great symbolic weight.

Let me tell you, it was a bigger story in the Chatham *Daily News* than it was in George Macullagh's *Globe and Mail*.

On the stroke of midnight, in 1947, we all became Canadians. At the newspaper, we put a watch on both hospitals to greet the first child born a Canadian citizen in our circulation area. Lordy be! It was a little girl. And her father's name was Martin. I have forgotten now which one of the Chatham *Daily News* team agreed with the baby's mother that the child should be called Pauline and that Paul Martin should come from Windsor to the little village of Paincourt to be Pauline's godfather. I did not have to twist his arm.

Two Sundays on, there were flowers and half the Catholic hierarchy of Kent County at the Paincourt baptismal font, but by early morning, southwestern Ontario was sheathed in ice. Martin's car, Chatham bound, was ditched by No. 2 highway near Tilbury. Our photographer and I caught up with him in the old Fargo pickup truck that we had borrowed from the Chatham *Daily News* circulation department, and we slithered through to Paincourt.

Paul held the baby for endless picture opportunities. He spoke briefly in English and at length in soaring French. We slithered back to Chatham where the man managed to tour both hospitals before heading out to Windsor and a previous engagement in his own constituency.

I learned from Paul Martin what a grinding job of work politics can be. I learned a lot about social welfare and about the United Nations and eventually about England. Convoluted prose and all, I admired the man and what he did with his great career.

I was also grateful—as so many of his followers were grateful—for his uncommon notice of the mini-milestones in our careers. A note, a call, a handshake, a shared confidence, even after you had revealed your political colour and it was not Grit red.

That did not matter. After all, Paul Martin knew your father.

The Hon. Raymond J. Perrault:: The eloquence of the tributes to Paul Martin, honourable senators, is certainly indicative of the fond memories we hold of him.

I was at a Liberal Party seminar on the weekend, and there were a number of prospective candidates discussing canvassing techniques—yes, we're already preparing them, Mr. Leader! One very timorous chap rose and said, "When I get on that doorstep, I often have difficulty answering the questions they direct to me. Just how do you handle a controversial question?" I said I can only quote a story about Paul Martin. One day when he was asked his views concerning one very vexatious issue, he is said to have replied, "Some of my friends are for this issue and some of my friends oppose this issue. And may I say, without equivocation, I am for my friends. Next question."

I knew Paul Martin starting when I was a young Liberal, and I succeeded Paul Martin as Leader of the Government in the Senate. He was truly a great man. I think probably he was one of Bell Telephone's greatest customers. He would call people at all hours of the night and day. One chap told me that if Paul Martin had learned something about Pacific time, he might have become leader of the Liberal Party. He said that when Paul was seeking the leadership, he would phone British Columbia at five o'clock in the morning and press his cause—too early for most British Columbians!

I remember his final hours as Leader of the Government in this place. He telephoned me and said, "Would you please come down to my office? This has to be the most lonely time of my whole career. I don't know whether I can face it. I will only be here for another two hours."

I wish that I had taken along a tape machine to record his reminiscences and his recollections of his life as a person active in government and in opposition. The thing that struck me at the time, and as we all know, was that he was a consummate professional politician, in the best sense of the word. Yes, and he had great respect for his opponents and a knowledge of how to run successful political campaigns. But beyond that he had those marvellous qualities referred to by previous speakers—a genuine concern for the human condition and a genuine desire to help those less fortunate.

He was an extremely effective player on the international stage, as able a Canadian as we have ever had on that scene. When he went to Great Britain as our High Commissioner, he was highly effective in that post.

Yes, I remember those last two hours of his active political career. Finally he said, "It is eight o'clock. I think it is time to go. Would you walk to the gate?" I said I would be pleased to.

We walked to the gate outside Parliament, and, looking at the lights in the Centre Block, he said, "Well, that's it. It's tough to leave." Those were his final words as he went on to his new responsibilities.

Paul Martin was identified with social reform very early in his career, even in his early twenties. He had a great, well-justified, reputation in international affairs. He fought many effective battles as High Commissioner. It was anything but an honourary post as far as he was concerned. You may recall his fight to achieve fair Canadian landing rights at London Heathrow. One of his great victories in negotiations with the British government.

Long after he had left Parliament and had finished his post in London, he would telephone with advice and ideas and suggestions for the party and his friends in Parliament. I suspect he contacted people in other parties as well, he was so interested in the entire process.

Paul Martin will certainly be missed by all of us. We have only good memories of him. I offer my condolences to the members of his family. I join with all of the other well-deserved tributes paid to him this evening.

Hon. Philippe Deane Gigantés: Honourable senators, everyone has said good things about Paul Martin, and I believe all of them, for I loved the man. Some members opposite may disagree when I describe the following as one of the very good things he did. He gave me landed immigrant status six hours after I asked for it in Washington. I will always be thankful to him for letting me in.

Hon. J. Michael Forrestall: Honourable colleagues, in the Parliamentary restaurant, down one aisle, is a fairly sacred place. It is the last alcove in the Parliamentary precincts of our restaurant. In that alcove in that restaurant, through all the years that I have been here, and as I understand it for much longer than that, there has been a table to which members of the Progressive Conservative Party of Canada have been able to go and enjoy their dinner with their colleagues in privacy. Over the years, to the best of my knowledge, our alcove has been the only alcove that welcomed and entertained with delight members of the Liberal Party of Canada.

As a young man I enjoyed dinner at the table in that alcove with my colleagues, listening and learning, and frequently to that table would come the right honourable gentleman of which we speak. He did not need an invitation. He would invariably sit at the head of the table where he was in full view of all those who might be dining in our restaurant. He would order, with deliberateness, his usual meal.

While at the dinner table, Mr. Martin would enter into the conversation, sometimes describing it, sometimes outlining it for amateurs, certainly always dominating it. He was, as has been said here this evening, always a gentleman, always a partisan, never engendering ill will, always welcomed, always thanked for coming, never embarrassed when people got up and left, having finished their dinner at our common table.

[Senator Perrault.]

The Right Honourable Lester Pearson used to join us from time to time, as did other very distinguished gentlemen with whom I have sat and served in the House of Commons. The Right Honourable Paul Martin was welcome at that table. He was a distinguished visitor. His views were always welcome. I came to know him quite well in the mid 1950s. It was that aspect of his character and countenance, his capacity to come at will to our common table and know that he was accepted, that I will always remember.

I join with others in paying tribute to his family, particularly to his son Paul.

ROUTINE PROCEEDINGS

FOREIGN AFFAIRS

COMMITTEE AUTHORIZE TO PERMIT ELECTRONIC MEDIA COVERAGE

Hon. R. James Balfour, with leave of the Senate and notwithstanding rule 59(1)(f), moved:

> That the Subcommittee on Security and National Defence of the Standing Senate Committee on Foreign Affairs be empowered to permit coverage by the electronic media of its public proceedings with the least possible disruption of its hearings.

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

Hon. Senators: Agreed.

Motion agreed to.

[*Translation*]

GOODS AND SERVICES TAX

PRESENTATION OF PETITIONS

Hon. Jacques Hébert: Honourable senators, I have the honour to present petitions signed by 75 citizens of the province of Ontario who oppose the goods and services tax.

These petitions are mainly from Toronto, Sudbury, Guelph and Peterborough.

I also have the honour to present petitions signed by 521 citizens of British Columbia who oppose the goods and services tax.

These petitions are mainly from Vancouver, Richmond and Victoria.

Finally, I have one last petition from Nanaimo, in British Columbia, and Oakville, in Ontario, which reads as follows:

[*English*]

The GST is the first federal tax to ever apply to books, magazines and newspapers in Canada. Over the past year, the GST on reading materials has reduced reading in Canada and

harmed our publishers, book stores, libraries, students and writers.

The Prime Minister promised in October, 1990, to review the effects of the GST on reading material after a year, and to examine its impact. It is time for that review. It is time to restore the traditional zero tax rate to reading in Canada.

[*Translation*]

By the way, it will soon be two years since the Prime Minister made this promise on the basis of which Senator Solange Chaput-Rolland voted against the Liberal amendment to exempt books from the GST in spite of all the qualms she had about it. On October 30, 1990, Senator Chaput-Rolland formally undertook to remind her Prime Minister of his promise, and I quote:

I swear before my fellow Senators . . .

So, along with the above-mentioned petitioners, her fellow Senators are still waiting.

● (2100)

QUESTION PERIOD

ANSWERS TO ORDER PAPER QUESTIONS TABLED

[*English*]

ENERGY, MINES AND RESOURCES—ENERGY CONSERVATION

Hon. John Lynch-Staunton (Deputy Leader of the Government) tabled the answer to Question No. 34 on the Order Paper—by Senator Kenny.

FEDERAL GOVERNMENT—DEPARTMENTS REPRESENTED IN NEWFOUNDLAND

Hon. John Lynch-Staunton (Deputy Leader of the Government) tabled the answer to Question No. 61 on the Order Paper—by Senator Marshall.

LOBBYISTS REGISTRATION—LOBBYING ACTIVITY SINCE PROMULGATION OF ACT

Hon. John Lynch-Staunton (Deputy Leader of the Government) tabled the answer to Question No. 69 on the Order Paper—by Senator Marshall.

DEFENCE—MEMBERS OF ARMED FORCES AND MERCHANT NAVY LISTED AS MISSING

Hon. John Lynch-Staunton (Deputy Leader of the Government) tabled the answer to Question No. 70 on the Order Paper—by Senator Marshall.

SECRETARY OF STATE—"SYMBOLS OF NATIONHOOD"—NUMBER OF COPIES PRINTED AND SOLD

Hon. John Lynch-Staunton (Deputy Leader of the Government) tabled the answer to Question No. 71 on the Order Paper—by Senator Marshall.

ORDERS OF THE DAY

THE CONSTITUTION

REFERENDUM QUESTION—MOTION FOR CONCURRENCE IN MESSAGE FROM COMMONS—DEBATE CONTINUED

On the Order:

Resuming the debate on the motion of the Honourable Senator Murray, P.C., seconded by the Honourable Senator Lynch-Staunton:

That, pursuant to the *Act to provide for referendums on the Constitution of Canada*, the Senate concurs with the House of Commons in approving the following text of a referendum question:

Do you agree that the Constitution of Canada should be renewed on the basis of the agreement reached on August 28, 1992?

yes no

and,

That a Message be sent to the House of Commons to acquaint that House accordingly.

Hon. Dalia Wood: Honourable senators, I rise today to participate in the debate on the referendum question. At the outset, I want to say that I am encouraged to see that the constitutional file may be coming to an end. The judgment of people will be rendered on October the 26 in a national referendum and shortly thereafter in an election.

The Charlottetown accord of August the 28, which we have in front of us today, appears to meet many tests that satisfy traditional Liberal principles. All political parties have been asked to play a constructive role. The views of Canadians have been considered through the work of parliamentary committees and constitutional conferences. Most important, Canadians will have the opportunity to vote in a referendum.

Our leader, Jean Chrétien, has for some time now demanded that there should be a referendum so that all Canadians over the age of 18 can have their say. I am pleased to see that the government finally had the courage to follow the Liberal advice.

The Liberal party has also insisted that any agreement must reflect the commitment of Canadians and their governments to linguistic duality. It must acknowledge that the partnership between French and English exists across the country. French must not be restricted to Quebec, and English must not be restricted to the rest of Canada.

We have also called for the recognition of the inherent right of the Aboriginal peoples to self-government. Such a recognition will make Canada a nation of tolerance and respect. It

will be a new beginning for Aboriginal people and will lead to the and to the cycle of poverty and dependency.

Honourable senators, this agreement is a major step in the right direction—but this agreement is not perfect. It is a compromise, and a compromise with many problems.

I have several specific problems with this accord that I want to put before you today.

First, under this deal the individual and minority rights of the Charter will be undermined by Quebec's distinct society clause. The Charter was put there by my party to protect individuals and minorities from the tyranny of the majority. Quebec's French-speaking majority should never be permitted to suppress the rights of the English-speaking minority, any more than Canada's English-speaking majority should be permitted to suppress the rights of its French-speaking minority.

Second, in my view, culture as described in the agreement gives the provinces powers that no federal government in our country has ever had. For the record, "a province should have responsibility for cultural matters within their province". But the federal government should have responsibility for cultural matters that transcend provincial boundaries.

I would remind honourable senators that the reason there is a Canada clause in this agreement as opposed to simply the distinct society clause is that Canadians demanded that the federal government have a role in protecting minority rights throughout Canada—and in particular within Quebec, if they are to be given added powers through a distinct society clause.

It is no mere accident that the words "The role of the Federal Parliament and the provincial legislatures to preserve the fundamental characteristics of Canada . . . is affirmed" were dropped after the failure of the Meech Lake Accord. Canadians spoke out and said in no uncertain terms that the federal Parliament should not be restricted to preserving the status quo. It, like the Quebec government, should have the opportunity to actively promote culture. Again, I quote from the accord.

> The Government of Canada commits to negotiate cultural agreements with provinces in provision of their lead responsibility for cultural matters within the province and to ensure that the federal government and the province work in harmony.

Honourable senators, I have yet to see the parochial interest of any provincial government in this country be in harmony. In the last eight years alone, we have seen a constant struggle for provincial powers, and this agreement talks of harmony?

If that was not enough, the Prime Minister has said that the wording "The federal government should retain responsibility for national cultural institutions, including grants and contributions delivered by these institutions" has subsequently been changed after Charlottetown. It will now require those national institutions to get provincial approval to make grants to organizations, leaving them only the power to grant to individuals. This means that the Quebec government will be able to stop any federal funds from being used to support English theatre—or for any cultural minority for that matter. This also means that the Alberta government can stop the federal government from supporting French culture within Alberta. So who punishes their minority first in the name of the majority, and who simply punishes their minority in retaliation?

[Senator Wood.]

There is still another major issue affecting the very essence of Canada, personally disconcerting to me as co-chairman of the Official Languages Committee, and that is a sentence which pertains to forestry, mining, tourism, housing and recreation. One of the terms of the agreement would state that, ". . . consideration of service to the public in both official languages *should* be considered a *possible* part of such an agreement."

Honourable senators, does this mean we are going to renege on the Official Languages Act? The words "should" and "possible" render the whole spirit of the agreement suspect, and I really need clarification on this item.

There is another issue here. Today, this chamber has been asked to approve a question for the Canadian people to see if they will agree to permit the Constitution of Canada to be changed, based on the August 28 agreement, even though there have already been subsequent changes. Does this mean that, if they vote "yes" in the referendum, this latest change will be overturned, or does the fact that this referendum is not binding mean that the whole agreement can be renegotiated? I do not know the answer.

Canada is a multicultural society, not just a bicultural society. The federal government must never be limited in its role of protecting minorities.

My third criticism is that this deal has given us a half-elected, half-effective Senate. What happens when this is combined with an even larger House of Commons?

Let me quote the text of the August 28 agreement:

> The Constitution should be amended to provide that senators are elected, either at large by the population of the provinces and territories of Canada or directly by the members of their provincial or territorial legislative assemblies.

Honourable senators, Britain tried to put the same kind of clause into the agreement covering the European Community, but it was rejected in favour of direct election, and for good reason.

First of all, whenever a separatist provincial government is in power in Quebec—and several of my colleagues opposite will recall that the separatists came to power not because voters wanted separation, but because voters wanted change—whenever separatists control the government, what can we look forward to in this chamber? We can look forward to a separatist sitting here in my seat. Do you think for a moment that even one such separatist senator would represent the English and the minorities of Quebec? Minorities would

no longer have their rights safeguarded by the Charter of Rights.

The Liberal party has said many times that all senators in Canada and in all provinces and territories must be elected. All people under the law of the land must be equal. Honourable senators, the people in Quebec must have the right to vote.

Unfortunately, honourable senators, the present government has once again tried to make an unholy alliance between the Quebec separatists and the western libertarians, thus forcing the country to the brink so that Liberals who love this country will have no choice but to go along for the ride.

• (2110)

Today I sit in this chamber as an ordinary Canadian citizen, fluent in three languages. In future, I will be required to select one of my languages so that the Speaker can decide if I have two votes or one on matters relating to culture and language. Furthermore, it is the same Speaker who will decide what legislation relates to language and culture.

May I, with great anguish, remind honourable senators of the incident where the Senate Speaker called the vote and locked the doors before Liberals were able to gain entrance. It would seem to me, therefore, more prudent to curtail the powers of the Speaker, especially in matters of language and culture, as we do not know who will be named Speaker under a partially-appointed, partially-elected regime for the Senate.

I know what it means to be asked to vote in a referendum. As a Quebecer, I lived with the referendum in 1980, which was a far more divisive debate. As part of the federalist forces I truly believed that we were near the brink. I believed that a "yes" vote on the referendum would herald the end of my country. With hindsight, it would not have happened. A "yes" vote in that referendum would not have been the end of Canada. It would have been the beginning of long negotiations; negotiations which quite likely would have resulted in an agreement similar to the one reached in Charlottetown. At the worst it would have been a practice run for a second referendum to be held on sovereignty.

Honourable senators, if we were not then at the brink then we are not at the brink now. A "no" vote is simply a vote against the deal. I have just given you several strong reasons as to why a "no" vote might be the preferred option. A "no" vote will not be the end of Quebec. Canadians, including my fellow Quebecers, see this government for what it is. They will not view this government's failure to create a strong agreement or to achieve a victory in the referendum as an indication that an agreement is not possible. I believe Canadians do not have high expectations of this government and will not be surprised by its failure.

Even if Canadians and Quebecers did have high expectations of this government, a "no" vote will simply mean a second referendum in Quebec—this time to be held on sovereignty, a question many federalists and separatists feel should be asked right now.

Hon. Eymard G. Corbin: Excuse me, honourable senators, there is so much conversation going on in this house I can barely hear my colleague, who is just three seats away from me. Could we ask the Speaker to re-establish order, please?

Senator Wood: That brings me to the motion before us today which is on the question. We are not being asked to approve the final agreement. In fact, Canadians will not even be permitted to do that. We are being asked to approve the question which will be put before Canadians. The proposed question reads as follows:

> Do you agree that the Constitution of Canada should be renewed on the basis of the agreement reached on August 28, 1992? Yes or no?

Honourable senators why did the government pick the word "renewed" as opposed to "amended"? In a recent letter to the editor, Sydney Hicks, the cousin of a former colleague of ours, the late Senator Hicks, wrote:

> I do not believe the Prime Minister chose the word "renewed" simply to put a spin on the referendum question, I believe he chose it to weaken the question. The word "amended" is a strong word.

I agree with Sydney Hicks and I believe the clause concerning culture is evidence of this. The culture clause has, admittedly, been renegotiated since Charlottetown. If the question said "amended" and Canadians voted to "agree that the Constitution of Canada be amended on the basis of the agreement reached on August 28, 1992", then this revamped clause would not be allowed. The premiers and the Prime Minister could not continue to make changes to the agreement on whim. They would be honour bound to respect the text of their agreement and the wishes of the Canadian electorate. All that would be left to do would be for the Department of Justice to draft legal text which reflected the agreement, in the same way that the Department of Justice must respect a decision of Cabinet when preparing legal text for Parliament.

I am concerned about the agreement as it now stands. I am concerned about how much of this agreement will be renegotiated over the weeks and months ahead, and I am concerned about the ambiguity of the question. Because of that, I feel I must abstain pending some clarifications. I will then bide my time until the next general election so that we may see a new government in Ottawa lead by the Liberal Party—a Liberal Party which is committed to strengthening the half-elected, half-effective Senate through standing orders and parliamentary legislation; a Liberal Party that would have brought Canada proper constitutional change so that it can prosper into the twenty-first century; a Liberal Party that would have brought Canadians a fair referendum question.

Hon. Lowell Murray (Leader of the Government): Honourable senators, when my honourable friend says that she will abstain, does that mean that she will abstain from voting on this question, or does she intend to abstain on October 26?

Senator Wood: Could you repeat the question?

Senator Murray: Does my honourable friend intend to vote in the referendum on October 26 and, if so, will she be voting yes or no?

Senator Hébert: You do not have to answer that question.

Senator Wood: No, and I know what he wants me to say. However, I want to wait until I hear more about what is happening. It was not easy for me to say today that I would abstain. In fact, I changed that sentence two or three times in the past four or five days, but the more I read about this question the more I just could not go without saying that I would abstain. So quite honestly, I will wait until later, before making a decision on that matter.

Senator Murray: That is fair enough, honourable senators. I will put my friend down as doubtful.

[*Translation*]

Hon. Claude Castonguay: Honourable senators, we are starting a referendum debate that will be extremely important to the future of our country. We will soon be asked to answer yes or no to a single question: Are you in favour of renewed federalism on the basis of the agreement reached on August 28, 1992?

This evening, instead of discussing the various provisions of the agreement, I would rather discuss some of the implications of an affirmative or negative response.

To answer the question, our fellow citizens will, of course, want to examine the various provisions of the agreement reached by the first ministers and representatives of the Aboriginal peoples on August 28.

If they generally agree with what is being proposed and if they feel these proposals constitute a balanced response to the main concerns of Canadians in the various regions of this country, they will answer yes.

However, if they do not like or disagree with some of the provisions or deplore what they see as oversights or do not like the way a certain issue is dealt with, they are likely to answer in the negative. I am not saying this is not a responsible or intelligent approach, but I feel it is incomplete and may involve some very real risks.

First of all, we cannot isolate the present process from its context, and we cannot ignore the predictable consequences of a negative response.

The referendum on October 26 will be a unique event in our country's history. Considering the extremely elaborate consultation process and the negotiations conducted for weeks and months, I think this agreement represents what it was humanly possible to achieve at this time.

Basically, what we have here is an attempt to bring Quebec back into the Canadian Constitution, after the abortive attempts of 1982 and 1990. This agreement also attempts to restore the political balance between the various regions in this country by changing the composition of the House of Commons and the Senate. It is an attempt to clarify and restructure the roles of both levels of government.

[Senator Wood.]

I think the realistic approach taken to this problem helps to reconcile two almost contradictory concepts of the country. There are those who, for valid reasons, believe in the need for greater decentralization, while others, whose reasons are equally valid, believe in the need for a stronger and more proactive central government.

The proposal also contains a Canada clause, which expresses the values to which Canadians in all the provinces are committed and the principles on the basis of which the country should continue to develop in the future. There is also a clause that describes the fundamental characteristics of this country and its people.

The agreement also recognizes the right of Aboriginal peoples to self-government and establishes the foundations of a social and economic union involving all Canadians.

This is a very substantial agreement. Others would probably emphasize a different aspect or a particular issue that was not covered. I am sure we all have our own ideas on the subject.

Personally, there are some questions I would have liked to see dealt with differently. However, I don't think that is the important thing here. We should realize that this agreement is the product of reasonable compromise and, as I said earlier, constitutes what it was humanly possible to achieve at this stage in our history.

I think we should also recognize the fact that we cannot regulate everything in the Constitution, as some people seem to think. The constitution of a country should contain, as someone said earlier, an expression of values and certain basic principles. One can only say so much in a constitutional text, simply because the application of the principles and the fundamental givens contained in the Constitution must always be one step ahead of circumstances that change with the passage of time.

As we have seen in the past, many questions can be legislated. They can also be dealt with through administrative agreements with the provinces.

We must realize that constitutional reform is a very difficult exercise.

When dealing with matters of principle and symbols, the slightest deference or compromise is soon perceived as a sign of weakness. As we have seen in Quebec during the past few weeks, for some people compromise is practically synonymous with betrayal.

We must also recognize the fact that the very democratic process to which we are—fortunately—committed does not make things any easier.

We all know it is extremely difficult and sometimes impossible to negotiate in the public view. Although this particular process included a number of confidential or private sessions, it was for all practical purposes a public process, because

every day we could follow the discussions almost exactly as they unfolded. What makes the situation even more difficult is that the media, which are always looking for newsworthy incidents, tend to report on the progress of negotiations as though this were a game with points to be won or lost. If someone agrees to change his position on a matter he is perceived as the loser, and the person who convinced him as the winner.

How a constitution should be interpreted is also important. I am not a constitutional expert, of course, which is why I prefer to quote those who are more knowledgeable.

Only last week, Philippe de Grandpré, who not long ago was still a judge on the Supreme Court, recalled that a constitution should be interpreted openly, constructively and affirmatively.

After all, we are talking about an agreement made by the citizens of a country to establish the kind of relationship they will have in the future, and such relationships must be as affirmative as possible. It is only reasonable that the Constitution should be considered from this perspective rather than one that is limited and reflects extreme distrust.

I was listening earlier to my colleague who spoke a few minutes ago and who asked a number of questions about aspects which, though important, are subordinate to the overall picture.

I hope that in the days and weeks to come she will consider as she said she would, this particular aspect of the Constitution. In other words, that we should take a positive approach to such documents.

Before saying no to this agreement, we should remember there are other matters to consider as well.

First of all, we live in a world of global markets, where it is becoming increasingly difficult to remain economically competitive. We live in a world where every field of activity is feeling the pressure of competition. There is no escape!

In this regard, it seems to me that we are especially vulnerable to our American neighbours. The penalties they have imposed on our exports, to judge by what happened later on, have most often been quite arbitrary. This is a constant reminder of our vulnerability faced with such an economically powerful neighbour, but we are also vulnerable to the outside world. We have had a striking example of this in recent months during the GATT negotiations, especially in the field of agriculture, and this is but one example of our vulnerability to the outside world.

In this context, it seems to me that, whatever our province of origin, whatever our past history in relation with constitutional agreements, we should all of us Canadians remain united.

We cannot afford to speak with separate voices and try to compete and keep up our position in a world where the blocks are becoming increasingly powerful and where economic interests are more and more demanding.

In this economic context, we cannot forget either that a great number of our fellow citizens are unemployed and that the future is especially bleak for our youth. I believe that we cannot afford to discuss the issue of constitutional renewal indefinitely. We shall have to meet enormous challenges in the near future. It is more than time for us to put all our energies in discussing these extremely important issues for our future and for the future of young Canadians.

We cannot afford to allow the present climate of uncertainty which now weighs down our economy to subsist. Many investment decisions have been deferred for months and even years. This climate does not affect only investors, but also the behaviour of our fellow citizens. It is now clear that economic recovery depends not only on the investment decisions of businessmen or on the decisions of our governments, but also on the attitudes of ordinary citizens and the climate among the general population.

Therefore, before rejecting this agreement, it seems to me that we must be aware of its context and not look in detail into only some of its aspects.

Before thinking seriously of rejecting this agreement, we must also consider some other negative effects which could only, in my opinion, result from this rejection. Abroad, the rejection of this agreement could be interpreted as a sign that Canada is no longer able to deal with its internal problems. I think this would be the worst thing that could happen to Canada's reputation and prestige at the international level. Fortunately, even if we are being watched closely and nervously, as we know, our reputation abroad is yet excellent. Before rejecting an agreement like this one, I believe we must consider this.

The rejection of the agreement could only have negative effects on the market. At this stage, and in the present context nobody can predict what the consequences could be. Everyday, we see what is happening in Europe, particularly with regards to the simple possibility of France saying no to the Maastricht treaty. All European countries will be affected.

The Hon. the Acting Speaker: The time of Senator Castonguay is up. Will all senators, let the senator continue?

Some Hon. Members: Agreed.

Senator Castonguay: We see that a "no" from France would virtually have a domino effect, not only on European countries, but even here in Canada. So, who can predict the consequences of a negative answer to the referendum of October 26? I for one am convinced that those who say that those consequences would be almost nil see what is going on everyday, right before our eyes.

If the rest of Canada, if a significant percentage of our fellow citizens in the other provinces were to give a negative response, for many Quebecers this would indicate that for whatever reasons, the rest of Canada is incapable of responding satisfactorily to the aspirations of Quebecers.

We must not forget that in 1982, when the Constitution was patriated and the Charter of Rights was entrenched, Quebec,

for various reasons with which one may agree or disagree, was not a party to the 1982 agreement.

We also know what happened in 1990 and what Quebec's reaction was at the time. The memory is still vivid. There was a very strong reaction. There is no reason why a negative response on October 26 would not trigger a reaction that would be at least as strong if not worse. A rejection of the agreement would, I believe, create a major political crisis in this country. I am not trying to dramatize the issue. However, the fact remains that the three major federal parties, through their leader in the House of Commons, are now committed to supporting this agreement.

The ten first ministers of the provinces are also committed, and the aboriginal leadership has done likewise. We can hardly expect that after this broad support, a rejection of this agreement would merely involve a return to the status quo. It would be unrealistic to think so. Obviously, no political party and no citizen of this country would stand to win anything by rejecting the agreement. We would all lose.

But if we consider for a moment the implications of a positive response, it seems to me that some of these implications are important enough to make us forget about the few doubts we may entertain about any part of the agreement.

And if, during the course of the campaign, it becomes evident that Canadians from other provinces are ready to vote yes massively, that can only have a positive effect on the campaign in Quebec which, from what it looks like now, will be rather difficult. If Quebecers feel that the vast majority of Canadians support the proposals before us, I am convinced that it will have an extremely positive effect on them.

If the agreement is accepted, not only will it mean that Canada is able to settle its own problems, but it will show the world, at this particularly difficult time in history, how we can reconcile different views on what a country must be, how we can create harmony between people of various ethnic origins, people who came here at different times and helped build our nation.

It seems to me that such an example could be very useful as we see countries like Czechoslovakia breaking up, others like Yugoslavia sinking into an absolutely horrendous civil war, and a whole series of countries of the former Soviet Union desperately seeking to settle their inter-ethnic problems.

What would be fantastic on the Canadian scene, if we succeed, is that we will have used a largely democratic process. This would clearly be an extremely important lesson for these countries which, in some cases, although they advocate democracy, have not yet really experienced it. It would also have a definitely positive impact on our economy and I, for one, am convinced that the effects would not be long to be felt and that we could at last devote a lot more of our time and energies to solving the very real problems we are facing.

[Senator Castonguay.]

As I said earlier, the people who would be tempted, for various reasons, to say "no" to this agreement should remember that the answers they did not get this time around could most probably come in the shape of legislation, other arrangements or agreements. I think they should also remember that it is important to believe in our capacity as Canadians to solve our problems peacefully.

Despite some fights and quarrels we had through the history of our 125-year-old country, which are natural since we are human, I think we ought to look to the future with confidence and to answer positively to the call of our political leaders. Thank you, honourable senators.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Would the honourable senator entertain a question?

Senator Castonguay: Yes.

Senator Molgat: You mentioned the risks and the effects of a negative answer. Could you tell us what effect a positive answer outside Quebec and a negative one in Quebec would have? In your opinion, what would happen then?

Senator Castonguay: This is an issue I would rather address from Quebec's point of view. Of course, if Quebecers were to vote against this agreement, I think—and I am not in the best position to know—that the rest of Canada would react very negatively because I believe that a sincere effort was made by all concerned in the agreement before us to reach compromises that seem, if not always fully satisfactory, at least reasonable.

So, if I am right, this negative reaction would prevent further negotiations as well as a simple return to status quo. I fail to see how a government could start such a process all over.

It seems to me that Canadians from other provinces who are not concerned only with the Quebec issue may also want to move on and make headway on other aspects of this agreement. They could not wait forever for Quebec's OK.

Without speculating about various more or less negative scenarios, I think we can at least draw the conclusion that a simple return to status quo would be impossible, that we would go through very hard times and that, for those who support Quebec's independence, it would be a major step in that direction and almost an irreversible one.

Hon. Philippe Deane Gigantès: Honourable senators, I would like to congratulate Senator Castonguay and to praise him for not being a constitutional expert. Constitutional experts are lawyers and lawyers are trained to find the most minute flaw in any agreement and to keep hacking at it. We may have an exception here with Senator Beaudoin but other constitutional experts develop models, perfect visions of what a Constitution should be according to their constitutional studies. If an agreement, which cannot be anything but political, does not exactly reflect their ideas, they get mad and they criticize it.

However, as you already heard and I am sorry if you are tired of hearing it, perfection goes against the spirit of democracy. I hope that Senator Lynch-Staunton will forgive me for referring briefly to Greece and to Solon, the father of modern day democracy. The only difference between Solon's Constitution which included a House of Commons, a Senate made up of aging persons of distinction . . .

Senator Molgat: An elected Senate?

Senator Gigantès: The only difference with our current Canadian Parliament was that elections were held every 36 days. Since the electorate was always assembled at the same place every day, elections could be held very frequently. After he had written that constitution, Solon was asked whether he had written the best constitution possible. He said no, I wrote the best constitution acceptable to Athenians. He tells us in his poems which he wrote on this experience and which we can still read today that both sides hated him for that constitution. Yet, that model of government survived to this day.

Democracy is a system where compromise has to be made between perfect models. Those who sell gas would like to sell unlimited quantities. Environmentalists would like to ban gas altogether. We have to find a medium term between those two extremes and both sides resent that. Voters do not choose the political party that promises Utopia but the one with answers repulsive to the least number of people.

There is a complication in a federation. First, all citizens must make concessions, and then the premiers have to do the same at the legislature level. Once all these concessions hve been made, we end up with something which is far from perfection, though this is fortunate because perfection means tyranny, danger, inflexibility.

That is why I do not mind at all the fact that this agreement is not perfect. There is something wrong in this country, the best country in the world; and it is to believe that everything can be solved constitutionally. It is said in the Bible that God created a constitution, the ten commandments, but we still have problems. As Senator Castonguay said, and I agree with him, there are other avenues. There are political agreements between governments. A certain amount of fatigue will come into play. We will end up with something far from perfection, but the alternative is worse.

I would like to say a few words about Sir Ivo Jennings, a famous British constitutional expert, who was hired by Pakistan, at the time of its creation, to write a constitution. That was in 1948. He had asked for £50,000 in advance. In those days, that was about $250,000, that is to say a lot of money. Five years later, he send the government of Pakistan a letter saying this: Writing a constitution would be a waste of time, as it would not last very long. Yours truly, Sir Ivo Jennings. That was all he gave them for their money, but it was sound advice. Nevertheless, the government wrote a constitution, to be violated every six months or so.

I would like to say a few words about Mr. Bourassa whom I admire very much. He was widely criticized. I believe that in the circumstances he could not do otherwise. He understands, as Senator Castonguay was saying, that the international economic situation is very uncertain. I am convinced that we are moving towards protectionism between the various trading blocs. Japan and its Asian partners are going to become protectionist. If you leave a group, if Quebec was to leave the group to which it now belongs, it would have to negotiate its re-entry, at a time when people would be less than welcoming.

Senator Castonguay is right to say, and this is not economic terrorism, that if the rest of Canada or, let us say six Canadian provinces including Ontario, say yes and Quebec says no, there will be such bitterness that renegotiating the re-entry of Quebec will be very difficult. It will take a long time and it will hurt everyone on both sides.

There is a group in Quebec that I do not even want to criticize because I am of Greek origin and because we owe modern Greece to a group of people who believed deeply and religiously in the idea of independence in the 19th century.

This notion of independence still exists, but it dates back to the 19th century, before we were joined by the technology of the world stock markets, before the global economy, before the creation of economic blocks. One of the 12 EEC countries is now giving to a central institution powers which in theory should belong to independent countries.

We can say such things over and over again, but the ideology of nationalism is very strong in some places, especially with a people that thought of itself as a vanquished people for such a long time. Before, we had the priests and the teachers, and we now have their successors in the medias, the singers and actors, all those people who have always dreamed of an independent Quebec. This is not an unworthy dream. However, I believe that this dream should remain a dream if we want the good of Quebec because we are living in a world where it's cold outside. It is not a good thing to get out of a system which works pretty well just to try your luck on your own.

However, this idea is very attractive when it is fed by a slip in the relations between the English and the French by the events of 1982 and by the failure of Meech.

Mr. Bourassa, a federalist premier, must become a kind of acrobat, a juggler to find his way in this maze, to appease his constituents and to put the economic facts before them without being charged of selling out for a few dollars. It is his duty to protect the welfare of Quebec and he is doing so as well as he can.

He was accused of not participating for very long in the constitutional talks. If I had been in his position, I would have done the same because what Senator Castonguay was referring to, namely the media coverage of what was going on, looked like the description of a boxing match or a baseball or hockey game. We were humiliated! We lost! My side did not score a goal when it could have!

At least, Mr. Bourassa stayed away from all that long enough to let things calm down somewhat. He has a very difficult task before him.

It is much more difficult to talk about reason and economy than to talk like a "coach" saying: Those damned people; they hit us so now we have to hit them back. The economic romanticism, not only in Quebec but in every country, is always easier to use as a weapon than to say: Listen, I have done some calculations and the budget does not balance.

It is a lot harder to sell cold hard facts than it is to sell enthusiasm: come on, let's go for it. Shoot first gentlemen; we will die, but we will not surrender. All this is so beautiful. It does not work but it is beautiful. This is part of the 19th century.

Mr. Bourassa must fight against something that will be praised by all the troubadours and media. It is difficult. If we do not understand that and if we vote no, we will destroy it and we will destroy Canada.

I am not a Quebecer with old roots. I am a Quebecer by marriage, if you will; I married a Quebec family. I do not believe that Quebecers, even those who are not very romantic among my relatives, could accept being slapped in the face, because this is the way it will feel to them, twice within five years, by having an accord, signed by all the premiers, torn up twice in five years.

This will trigger a wave of violent and difficult emotions. Unreasonable people take power on both sides of the barricades that are raised following something like a "no" vote.

Some argue that such considerations are at the expense of principles. I should like to come back to the beginning of my speech, where I said that democracy does not work so much on principles. There are indeed some principles, such as respect for the individual, et caetera. But there are also things like how exactly things are managed. On what chair does the deputy minister rest his behind? How much power does he or she have relative to another deputy minister? That is not the kind of thing that make or breaks a nation. It is not a matter of principle, but food for turf wars, as we say in English, and there will always be turf wars. To put an end to these wars, we would have to shoot every high school history teacher on the planet and to do away with deputy ministers, with all due respect to those of you here who have been deputy ministers and who, no doubt, are exceptions to the rule.

I will certainly vote yes. I will militate in favour of the "yes" because there is no other choice. As a Quebecer, I am here to stand up for Quebec. I am deeply convinced that separation, which would be inevitable following a "no" vote either in English Canada or in Quebec, would be catastrophic for my province, the province where I live and plan to keep living, with my children, nephews and nieces whom I love dearly.

It is for their good that I am speaking up. Thank you, honourable senators.

Hon. Lowell Murray (Leader of the Government): Honourable senators, as usual I will ask my friends opposite. I just want to check whether my friend will vote yes on October 26.

[Senator Gigantès.]

Senator Hébert: I do not have to answer that question.

Senator Gigantès: I do not understand why you are asking me the question, considering I have already said I will. Had I known you were going to ask the question, I would have refrained from telling, just to pester you. I have no right asking that question and it is improper to do so in a democracy. I will make my statements as I see fit. No need to question me.

Senator Hébert: You have asked it often enough. We do not want to hear it any more.

[*English*]

Hon. John Buchanan: Honourable Senators, I said a few words on this topic on Friday and I do not intend to repeat what I said on that occasion, except to reiterate that from 1978 till 1990 I was very privileged to participate in over 20 federal-provincial conferences, many of them on the Constitution. I was privileged to sign the constitutional accord which came about as a result of the conferences between 1978 and 1982. I was privileged also to sign the 1987 Meech Lake Accord and to then sign a final, 1990 accord in the Conference Centre in June of 1990. I am now privileged again to be able to participate in what may be the final round in constitutional discussions for at least five years or more in this country.

I believe that on October 26th the people of Canada will vote "yes" in the referendum, which will give this country stability as far as the Constitution is concerned for many years, and will probably assist us in lasting at least another 125 years as the great country that we are.

I have only a few words to say about the agreement itself. I believe it is an excellent agreement, for which Canadians will vote "yes". It has many similarities to the Meech Lake Accord, but I believe that it goes further than the Meech Lake Accord. That accord was agreed to by every provincial government and by the Government of Canada but, unfortunately, events in the three-year period after it was signed ensured that it failed.

However, this new agreement, the so-called Charlottetown agreement, will not founder because it will go to a referendum of the people and the people will have the final say in advising the governments on what the will of the people is.

This is a good agreement. As many have said before me, it is not a perfect agreement, but in political life there is never anything that is perfect for everyone. Government is the art of compromise; certainly not compromising principles, but compromising positions and changing positions from time to time in the interests of the country. I believe that this is what this document is all about. I like the title on the fact sheet, "Our Future Together", because that is what this agreement is about.

The Canada clause contains basically the same wording as did Meech Lake. It recognizes Canadian federalism, the rule of law, linguistic duality and Quebec's distinct society.

One of the puzzles of political life in Canada is why some people, even today, question the distinctiveness of Quebec

society. To me, and to literally millions of other Canadians, that is not new. Quebec has had a distinct society since Champlain sailed up the St. Lawrence River in 1618.

Senator Comeau is not here but I do not think he will mind me saying this. He pointed out something to me that I think should be corrected. There is a publication that states that Champlain sailed up the St. Lawrence River in 1618 and founded the first permanent French settlement in North America. It may be a play on words, but I want to remind honourable senators and others that Champlain sailed from St. Croix Island in 1604 to Port Royal in Nova Scotia, where he founded the first permanent settlement by Europeans in North America, and it was French Acadian. That is just a little correction that I think should be made.

By the way, as I mentioned once before in the Senate, there was an attempt to correct me by a Governor of Florida years ago who insisted that St. Augustine, Florida, was the site of the first permanent settlement in North America. I told him that was absolutely incorrect, that it was Port Royal, as I still maintain, and I was backed up by the five governors of the New England states.

Champlain sailed up the St. Lawrence River and Quebec was founded. It has been a distinct society within Canada since then. As a colony, it was distinct. As a province, it has been distinct in its culture and its language. The rule of law of Quebec is based on the civil code rather than the common law, which is very distinct.

As former Premier David Peterson said in the Conference Centre a few years ago, every schoolboy and schoolgirl in Canada must be taken aback by the opinion that some people held at the time that Quebec was not a distinct society, because every schoolboy and schoolgirl recognizes and appreciates that Quebec does have a distinctiveness that other Canadian provinces do not have, in its language, its culture and its rule of law.

The other items in the Canada clause are building blocks for the future of our country.

I was privileged over the years to attend every conference on Aboriginal rights. Over those years I did not understand, and still do not, what specifically is meant by "Aboriginal self-government". I think this document does the right thing. It sets out that the Aboriginal peoples of Canada have a right to self-government, the definition of which will be worked out within a period of five years.

I was privileged to participate in those discussions over those years and am now again privileged to be a participant in ensuring that the Aboriginal people of Canada, the first Canadians, are getting this recognition for self-government.

I see no difficulty with the rest of the agreement. I agreed with the reform of our institutions before and I agree with it now. The situation of the Senate and the House of Commons is a little different. Their expansion is to ensure equality among the provinces as far as numbers are concerned, and the number of members of the House of Commons and Senate does not increase in total.

With regard to the social and economic union, we are now entrenching in the Constitution many of those items that we have enjoyed for many years, including all of our great social services that are the envy of other people throughout North America and probably the western world. High quality primary and secondary education for all residents of Canada will be included in the social union as will protecting and sustaining the environment.

Under the economic union, the people of Ontario and Western Canada will finally be able to drink Moosehead beer, for instance. It was ridiculous, on going to Florida, to see people on the beaches there wearing T-shirts declaring "The Moose is Loose" when the moose was not loose in Ontario, although it is now. Showing my partiality as a Nova Scotian, I hope that the Moosehead you drink here in Ontario is brewed in Dartmouth, Nova Scotia and not in Saint John, New Brunswick. I still have a bit of that left in me.

• (2210)

Honourable senators, the economic union will go a long way to curing all of the problems that we have had in Canada and will provide for the free movement of goods, services and capital throughout the country, which will add to the competitive spirit that we have in this country, and will continue to have in the years to come.

I wish now to deal with the federal spending power. Over the years, I have found it extraordinary that people would argue about entrenching in the Constitution such privileges as we have enjoyed over the years, such as the right of provinces to have programs which are compatible with national programs, and with the objectives of those national programs. The provinces would run their own shop, so to speak, and be provided with funds from Ottawa. That is only entrenching what we have been doing since the 1950s and through the 1960s with medicare and hospitalization. Those people who say that the brakes will be put on national programs, I can tell you they are absolutely incorrect. It will not do such a thing. The economic union and social union, in my opinion, will be entrenching in the Constitution of Canada matters such as that which we have enjoyed for many years.

Honourable senators, I have no hesitation in saying "yes" to this agreement. It is not a perfect agreement, but it is one that certainly will ensure that our country stays together and that our country will continue to be strong.

Honourable senators, I want to take a few minutes to congratulate those people who were involved in the agreement. Some people may think that attending conferences is not difficult, or not stressful, or not hard work. I want to assure you that it is. Senator Murray knows that. He participated in many of them, and they were stressful. It is hard work. Those who think that the conference begins at 9:00 in the morning and ends in the afternoon are wrong. Some of those meetings go on well into the night; 12 hours, 16 hours a day. They are very stressful.

Every conference needs a leader. In a non-political way, I want to congratulate and thank the Prime Minister of Canada, the Rt. Hon. Brian Mulroney. He has been a leader. He is the person who has led over the last number of years in the constitutional debate. I have been there, and I have watched him at work. I have watched people of other political stripes congratulate him on his tenacity, durability, negotiating power, knowledge, and the fact that he is a workaholic when it comes to this kind of negotiation. He exudes confidence and ensures that when others believe that an agreement is moving away, he will pick up on that, call a halt to the proceedings so that new ideas can be discussed, and then go at it again. He has the ability to get things done. I am not the only one to say that; many people in this country have said that. Premier Roy Romanow—who I attended conferences with when he was the Attorney General of Saskatchewan back in the 1980s—called Prime Minister Mulroney a superb negotiator and congratulated him publicly a few weeks ago.

Honourable senators, I also want to congratulate the Rt. Hon. Joe Clark. There is a tenacious fellow. At times, when others would have just said "That is it; enough; let us stop this," he marched on. He may have grumbled, but he marched. It is due to Joe Clark's work over the last four months that we are where we are today. He travelled from one end of this country to the other, from British Columbia to Newfoundland, over a four-month period. Every night on television, we would see the Rt. Hon. Joe Clark attending, speaking and commenting on public sessions called to discuss the Constitution. He was a person who gained the admiration and respect of people from one end of this country to the other as he assisted in ensuring that this agreement would be achieved. I salute him. He is a great Canadian, parliamentarian, superb negotiator and leader.

Lastly, the premiers of the provinces and the leaders of our Aboriginal peoples were able to compromise not their principles but their positions, and change their positions when those changes were necessary to ensure that the agreement would be finalized.

The old saying is that a chain is as strong as its weakest link. In Canada, as a result of the work of the premiers, the Prime Minister, and leaders of the Aboriginal groups, we now have a country that is as strong as all of our provinces; and with this agreement, all of our provinces are and will continue to be very strong.

As I have said, these conferences are strenuous affairs. Sometimes politicians can be brought down to earth. I remember at one of these conferences, massive crowds would gather outside the Conference Centre. Joe Ghiz, Clyde Wells and I were coming back to the hotel, having escaped from most of the media. Two gentlemen were standing in front of the hotel. When we walked by they said, "Pardon me, but could we ask you a question?" Clyde Wells, who was very shy and did not want to talk to the press, kept going. Joe Ghiz did not hear them, but I did. I turned and I said, "Yes, what is the question?" I thought they were newsmen. They said, "Well, we are from the United States, and we heard that Robert Goulet is around here and wondered if you had seen him. We want his autograph." We were brought back to earth quickly.

[Senator Buchanan.]

Senator Doyle: Did you find Mr. Goulet?

Senator Buchanan: I looked for him but did not find him. I would like to have seen him myself.

The Minister of Health of Nova Scotia and I were taken down to earth once, literally and also in another way. We were travelling by helicopter to a small part of Nova Scotia, a little place called Advocate. I recommend it to you. It is probably the second most picturesque spot in Canada. The first would be the Cabot Trail in Cape Breton, and the second would be the very picturesque drive from Parrsboro through to Advocate and Advocate Harbour. The road now is completely paved all the way around to Amherst.

Hon. John Lynch-Staunton (Deputy Leader of the Government): Do you take reservations, too?

Senator Buchanan: The Minister of Health and I were on our way to Advocate to turn the sod for the new hospital. That was a big day in that area. It was such a wonderful day that the schools were closed for the day so that all of the children could be there to watch the sod-turning. The helicopter hovered over the field, and it pushed all the people away, including the children from the schools.

● (2220)

The helicopter landed. When the blades stopped rotating there was a rush of kids and they all had their little notebooks, papers and pens. Gerry Sheehy and I were getting out of the helicopter. I was getting a pen out. I noticed they had pens, but I was ready with mine to sign autographs. When we got out one of the kids passed some paper to me. I signed it and he looked at it and said, "Who are you?" Gerry said, "This is the premier." The kid said, "We don't want your signature, we want the helicopter pilot's."

Honourable senators, I certainly recommend and commend this agreement to the people of Canada, particularly to the people of Nova Scotia. It has been said—and I have heard it in the Senate and outside the Senate—that Canadians may not appreciate the full meaning of the question that has been asked in the referendum because they will not understand the details of the agreement, and, moreover, the legal text has not been worked out. That may be true, but I do not believe it to be so. We have to give Canadians more credit than that. Canadians have been following this constitutional debate for years, and particularly for the past four months. I believe they understand what is going on here. I believe that they appreciate what this debate is all about.

I have heard some people say that the people of Canada will vote "yes" because they want to get the Constitution matter behind them. That is partly true, but I believe they will vote "yes" because it will ensure that this country will stay together; they will vote "yes" to keep the country together, united and strong. They know that this compromise agreement

is the vehicle to ensure that this country stays together and continues to be strong.

I do not think this agreement will be difficult to sell—perhaps "difficult to sell" is not the right phrase. I believe it is an agreement that can be explained to the Canadian people. I believe that a vast majority of the people of Canada will vote "yes" because this agreement will ensure that this country will continue to stay together, united and strong, and in 125 years we will praise this agreement as a renewal of this great Confederation that is the envy of the world.

Hon. Richard J. Stanbury: Honourable senators, I have enjoyed the presentations by my honourable colleagues this evening and I appreciate the privilege, even at this late hour, of making a contribution to the debate on the referendum question.

When Jean Chrétien concluded over one year ago that the process of public discussion on constitutional reform must culminate in the expression of public acceptance in the form of a referendum, I agreed with him heartily. Now that the Prime Minister has finally come to the same conclusion I find myself in the unusual position of agreeing with him too, and—

Senator Molgat: Painful.

Senator Stanbury: —wishing the Canadian people all the best in the outcome of this exercise. During the debate in this house on the bill to create the Referendum Act, I indicated my concerns about some aspects of the bill, and I now want to try to ensure that my prediction of potential problems fails to be fulfilled. In my brief comments I want to address a few concerns about the process of this referendum and the practices involved. I also want to address myself to the specific question and the importance of an affirmative response to that question.

My main concern with the referendum—and this has a relationship to the question before us—is for the need of absolute fairness in the upcoming campaign. Fairness must be unequivocally assured from the beginning of the referendum process. Now that the decision has been made to go ahead, the conduct of the referendum must be perceived as being absolutely fair in every sense. Otherwise, even after the vote has been taken and a result announced, there will not be a strong sense of legitimacy to carry that decision through to public acceptance of the constitutional package.

The people have to have faith in the system before they will put any stock in the result. After all, the only thing that makes a referendum worth conducting and spending $100 million on is the assumption that the result will have enough moral weight to influence provincial and federal legislators to accept the public's decision. If the referendum campaign is manipulated and cheapened by participants, it will not earn the public's confidence; more likely it will earn their disdain, and in turn will not have the legitimacy to convince legislators of their moral imperative to respect the answer given by Canadians. The consequences will be serious.

The Chief Electoral Officer is the official charged with being the guardian of this fairness, at least to the extent that the statute and regulations allow. Unfortunately his best efforts will not be enough. The participants in this debate must accept responsibility for their own actions. They have to make sure that they do not succumb to the temptation to misuse or exploit the system. Some have already found that temptation too great. If this becomes the norm in the referendum campaign, the public's suspicion and lack of faith in the result and its corresponding distrust of those who sponsored the referendum will, no doubt, be pronounced and lasting.

As for the specific question before us today, the wording certainly appeared straightforward at first glance. Nevertheless, concerns have been expressed about some built-in bias to the question. I am sure you have heard the arguments; some of them have been expressed by my colleagues. The reality is that the question is not that bad. Perhaps it is weighted and perhaps that was the intention of the drafters, but I do not think it will matter come October 26. By the time the vote comes, everyone who intends to vote will be sufficiently aware of at least the generalities of the package to be able to answer this very general question.

However, the concern expressed about the question is an example of how careful we must be. If the question is perceived as biased, that in itself may open up the process to suspicion by the public. If the public thinks that a little manipulation of the question has in fact been accomplished, then the people may very well be more likely to suspect more manipulation and consequently be sceptical about the entire process. We must guard at every turn against the temptation of those in control of the process to tilt it in their own direction.

Participants should restrain themselves from the temptation to spread propaganda and half truths. They should regulate themselves, concentrate on educating the public and engaging them in a reasonable debate. If the result of the referendum is to reflect the recent judgment of Canadians and not a propaganda victory, the proponents of the deal will have to exercise restraint in both their spending and their rhetoric. The federal government especially should resist the temptation to spend public money to stampede Canadians with emotional appeals to patriotism.

One of our chief responsibilities as community leaders is to see that Canadians have the opportunity to know what is in the accord. A copy of the accord should be made available to each Canadian and there should be venues for discussion. Canadians should be able to get their hands on a copy of the Consensus Report from any federal office, and especially from post offices across the country; better yet, a copy could be sent to each home. Canadians should have the opportunity to read the accord, not just to listen to what others are telling them about what it says and means. The Consensus Report is not long or written in complex legal jargon. Canadians can, and should, take the responsibility to inform themselves. Ultimately, and sadly, it is the only assurance they have that they are not being manipulated by those trying to sell or defeat the deal.

The Consensus Report is not a perfect deal in the sense that there are many parts which would not commend themselves to us if they were standing on their own. However, in an effort to renew Confederation, each provincial leader and each native leader, aware of the needs of his or her particular constituency, has pleaded for and bargained for measures which, in the end, were acceptable to the federal government and acceptable to each of the others.

This accord represents an agglomeration of federal, Aboriginal and provincial requirements stuck together by the mortar of compromise and melded by the honest desire to save our nation. Sending it back for improvement will accomplish nothing.

Given the realities of the political environment, there is virtually no room for movement from the broad agreement described in the Consensus Report. For instance, Mr. Allaire, who wants 22 areas of exclusive jurisdiction for Quebec, would meet equally resolute politicians who would never come close to agreeing to such an arrangement. It is not about to happen. Jacques Parizeau is being intellectually dishonest to suggest to Mr. Allaire that it might happen.

In the same way, Mr. Manning, who is someone else who is showing dissatisfaction with this deal, would conclude that Quebec already has too much power and that the equality of the provinces should be held out as the central tenet of Canadian federalism. The opinions of these two men are only one example of the irreconcilability of certain positions. There are many areas where positions are irreconcilable and the only way to maintain the union is through mutual accommodation.

Accommodation is exactly what was achieved by leaders who were forced to listen to each other and respond to the pressures on their colleagues. We know what would happen if Mr. Allaire and Mr. Manning, each of whom says he wants a united Canada, were forced to sit down together to decide the fate of the Constitution between themselves. We would no longer have a united Canada. No one can possibly get everything that his or her own self-interest demands. No man is an island unto himself. Honourable senators, if our objective is a united Canada, then we must accept compromise and be prepared to accommodate each other's needs and aspirations.

I firmly believe that the compromise that was concluded in Prince Edward Island, after months of consultation and education of the public, after a lot of very good work by parliamentary committees, and after negotiations based on the good faith of Canada's leaders, is as close to meeting everyone's concerns as we can get while still maintaining an agreement. In fact, I would challenge anyone to tell me what changes could be made to this deal that would be widely accepted among the signatories. Almost all participants have had to settle for something less than they wanted in the deal; but just the same, they all accepted the deal because none amongst them was willing to settle for less than a united Canada.

Therefore the question is: Will Canada fall apart if this constitutional package is rejected? Will Canada stay together if it is approved? Nothing is assured. Certainly, I do not agree with those who believe that the country has the luxury of three choices: This deal, another deal, or the status quo. First, what makes anyone think that another, "better" deal could be negotiated if this one fails? "Better", of course, means a closer match to their particular ideal for a constitution. That has been the assumption in the past, but has it so far proved true? No. Many different people have been at this game for many years. Generations of politicians have tried their hand at it. It is obvious that, in the context of our present institutions, a better deal cannot be reached.

[Senator Stanbury.]

As evidence of that, I would point out that some of the most ardent opponents of the Meech Lake Accord have been the authors of this deal. Some would say, "Well, the status quo is certainly better than this Charlottetown accord, so if the accord dies we will still be better off." Perhaps, but not very likely. My experience tells me that there would be horrendous consequences stemming from that scenario. Of course, I will not go into great detail about these consequences, because that is what the media has termed "scaremongering" and my wife and my children and grandchildren would not want to have a scaremonger for a husband, father and grandfather. Nevertheless, I would hope that Canadians would give some serious thought to the probable result of a rejection of this consensus.

I do not think that it is overly dramatic or inaccurate to say that our options are two: This constitutional deal or no constitutional deal, and the very real possibility of a sovereign Quebec. Support for sovereignty in Quebec rose past 60 per cent after the defeat of the Meech Lake Accord in 1990, and it remains at historically high levels. It is conceivable that Quebecers would delay, or even defeat, a referendum on sovereignty if this package is rejected, but it seems unlikely. I, for one, would prefer not to test waters that cold.

Furthermore, let us not forget that a failure to ratify would also stand as an historic disappointment to Canada's Aboriginal peoples. This is a watershed time in their history as Canadians. Who amongst them would have the mandate to return to a negotiating table after rejection?

As for the possibility that these amendments, if passed, will only be the beginning of further change, I would offer these facts: The Constitution, especially with the changes to the amending formula, will be more difficult to change. Moreover, changing the Constitution would require a mandate from the Canadian people in order for a government to do so, and a mandate to change the Constitution will not soon be coming from the Canadian people. If or when it does come, the political environment will ensure that there is a wide-ranging mandate for change before politicians get too far into the process.

The interests of one province will not, and cannot, drive the agenda after an affirmative answer to the referendum question by the people of Canada and the implementation of these amendments. Yes, constitutional change is an ongoing historical process, but no, future amendments will not be made against the wishes of most of the partners in Confederation and most of the Canadian people.

This deal, the Consensus Report which the media has dubbed the Charlottetown accord, is an answer for today and is likely to mark the end of a chapter, but when there is a mandate from Canadians for change there will be change, and again this change will be reached through the promotion of specific interests and then the reconciliation of those interests to the national interest.

Honourable senators, to conclude, the farther we stray from the ideals of fairness and honesty in this debate and referendum, the less credibility the result will have in the end. Moreover, to ignore the political realities and the range of interests that make up the Canadian state would be the greatest folly imaginable.

Hon. Donald H. Oliver: Honourable senators, it is with a great deal of pride that I join the debate dealing with the constitutional agreement reached in Charlottetown on August 28, 1992, and the referendum question based upon that agreement.

● (2240)

As you may know, I was fortunate to have participated directly in one of the processes which resulted in this agreement. I was named as a member to represent the Senate on the Special Joint Committee on a Renewed Canada, which met from the middle of last summer until it tabled its report in this House on February 28, 1992.

My participation on this committee, and especially my participation in the work of the subcommittee which dealt with Aboriginal issues, gave me a better, clearer understanding of the complexity of the constitutional problems facing our country. It is with this in mind that I wish to state how remarkable I believe is the achievement of the first ministers and Aboriginal leaders who participated in this last phase of the Canada round.

I would like to convey to all the participants in the Canada round my heartfelt congratulations for a job well done. The multi-lateral consensus that has been achieved is a remarkable accomplishment of common sense and reflects the Canadian spirit of positive accommodation and compromise.

The consensus came to us last Thursday in a message from the other place. The Senate is asked to concur in the text of the referendum question: "Do you agree that the Constitution of Canada should be renewed on the basis of the agreement reached on August 28, 1992? Yes or no."

Senator Murray, my leader, I am pleased to advise you that I am going to vote "yes" to the question, because a "yes" vote will, in my judgment, ultimately benefit the province of Nova Scotia and Canadians generally.

A constitution is much more than words on a piece of paper. It is the fundamental law of the land, something that expresses to the world at large who we are as a people and what it is we aspire to.

This agreement was born out of a process which has been described by Senator Stanbury as one of broad consultation. All those affected by it were represented at the negotiating table. The end result reconciled the reality of Canada as a pact between its Aboriginal peoples, two founding languages and cultures, and large and small provinces. It gives definition to equality by immediately acknowledging in words and in substance the equality of women and men, of races and ethnic groups, of large and small provinces, and of Canada's Aboriginal people. No one is given special status in this agreement, but our diversity is acknowledged and celebrated.

I would specifically like today to address three matters contained in the agreement. The reason for outlining some of the background in these three agreements is to help give some reason for why "yes" may be justified, and in my opinion is justified, as the answer to the question. They are essentially legalistic matters, but that is the discipline that I have been associated with for 25 years.

Today I should like to address the distinct society clause, the changes to the Supreme Court of Canada, and the part of the agreement dealing specifically with the Aboriginal peoples of Canada.

The distinct society clause first arose in the Meech Lake Accord and became a lightning rod for criticism of that document. Its purpose was to describe the people and the province of Quebec as home to the French population of Canada and indeed North America. The failure of the Meech Lake Accord to obtain the necessary approvals in the time limit allowed did not diminish the importance of this clause to the people of Quebec, nor did the demise of the accord lessen the desire of Quebec to have the clause placed in the Constitution.

Therefore, it was to no one's surprise that it surfaced again in the government's constitutional proposals presented in September of last year, except that this time it appeared in the Charter of Rights and Freedoms as interpretive of the Charter. Also, examples were given of its meaning. It included, in relation to Quebec, a French-speaking majority, a unique culture, and a civil-law tradition. It survived in this form in the report of the Special Committee on a Renewed Canada.

The distinct society clause is the recognition or the affirmation of a legal, sociological and demographic fact. Canada is composed of two great language groups, French speaking and English speaking, and the majority of the French speaking community lives within one of our largest provinces where it is itself a majority. Legally, various British statutes affecting British North America enacted long before Confederation recognized the distinctiveness of Quebec. For example, the Quebec Act of 1774 responded to French Canada's demands for the preservation of its laws and customs. The Constitutional Act of 1791 divided Quebec into two parts corresponding to the linguistic and cultural divergences of its inhabitants. These two statutes acknowledged and provided the political framework for a distinct society in Quebec with institutions, laws and cultures quite different from those of other political communities in North America. In 1867, Confederation recognized and re-established Quebec's distinct society as an autonomous political community while it embraced the principle of linguistic duality in the political institutions of a new country that would eventually span a continent.

The Charlottetown consensus agreement places the distinct society clause in the Canada clause, which is interpretive of the entire Constitution, including the Charter of Rights and Freedoms. I believe this is its rightful place. However, the passage of time has not made the clause less controversial. During the last two weeks, a group of law professors and constitutional experts in Quebec have written an open letter to *La Presse* and *Le Devoir* explaining that the coupling of the distinct society clause with the linguistic duality clause in the Canada clause rendered the distinct society clause useless to Quebec.

This is not the opinion of the federal government or of the government of the province of Quebec; nor, may I say, is it my opinion. On Tuesday, September 8, 1992, former Supreme Court Justice Louis-Phillipe de Grandpré and former Canadian ambassador to the United Nations Yves Fortier testified before the committee in Quebec City examining the Charlottetown agreement. Mr. Justice De Grandpré said that the distinct society clause was a step forward for Quebec and agreed that the province's language laws were not threatened by the Canada Clause. Mr. Fortier stated that the distinct society clause in this agreement is clearly stronger and clearly more precise than it was in Meech Lake.

I believe the distinct society clause accomplishes what it intends to do. It forces the courts, when looking at the constitutionality of either a Quebec statute or a federal statute, to construe it on the basis of the distinctiveness of Quebec. In relation to the Charter of Rights and Freedoms, it has been stated that this clause will be a prime consideration of the courts when determining if a statute is to be judged constitutional.

No, the distinct society clause does not create a legislative head of power for the province of Quebec. However, it does provide it with a powerful weapon which the courts must recognize and apply when construing Quebec laws or laws that specifically apply to Quebec. It is a clause that should not be feared or resented in the rest of Canada, because it does not place Quebec upon a higher level than any of the other provinces. It recognizes and forces the courts to deal with a reality that exists, the reality of Quebec.

I now wish to say a few words about the Supreme Court of Canada and the fact that it will now be enshrined within our constitution. The rule of law is fundamental to our democratic institutions, and the independence of the judiciary guarantees the maintenance of the rule of law. At the apex of the judicial system stands the Supreme Court of Canada. It was created in 1875 as a general court of appeal. In 1949, with the abolition of appeals to the Judicial Committee of the Privy Council in the United Kingdom, the Supreme Court became the court of final resort in all new cases emanating from Canadian courts and tribunals. In addition to cases which come to the court on appeal from lower appellate courts, the Supreme Court is empowered to hear references from the federal government on important issues. This reference power, although limited in use, is an important mechanism for determining the legal and constitutional validity of important issues while avoiding prolonged proceedings in the lower courts.

[Senator Oliver.]

● (2250)

With the adoption of the Canadian Charter of Rights and Freedoms, the Supreme Court has become an even more important and influential national institution. This institution is not presently entrenched in the Constitution. Rather, it is established under a federal statute, the Supreme Court Act. Under the terms of this act, the Supreme Court is composed of nine judges, including the Chief Justice of Canada, who are appointed by the Government of Canada.

The Supreme Court Act stipulates that at least three of the judges of the court must be selected from the bench or bar of the Province of Quebec in recognition of its civil law tradition. By convention of representation from other regions of the country, usually three judges are appointed from Ontario, two from the West and one from the Atlantic provinces.

The Charlottetown agreement proposes that the present composition of the Supreme Court—nine members with three from the Quebec bar—be entrenched in the Constitution. This is particularly important to the Province of Quebec because it means that its proportion of judges on the Supreme Court will never be diminished, at least not without the consent of the Province of Quebec.

The Constitution would also require the federal government to name judges from lists submitted by the governments of the provinces and territories. A provision will also be placed in the Constitution allowing the federal government to act unilaterally should a list not be submitted in a timely fashion or no candidate be acceptable. This is virtually the appointment procedure which occurs today in that broadly based consultation takes place among the bar associations and the provincial and federal governments prior to an appointment being made.

It is my belief that this will not regionalize the court. This has always been the major concern. That is to say, enshrining this procedure in the Constitution would mean that certain provinces would look to certain judges to support their cases in disagreements with the federal government. This has not been the result to date, even though this appointing procedure has been used informally. I doubt that it will be the case in the future, especially when the federal government is left with the final say on this matter if a nominee is unacceptable.

Finally, I should like to turn my attention for a few moments to the remarkable section of the Charlottetown agreement dealing with Aboriginal peoples. As I mentioned earlier, I was a member of the so-called liaison subcommittee of the Beaudoin-Dobbie committee which dealt specifically with Aboriginal issues. This subcommittee met with Aboriginal representatives across Canada, meeting for a day with the Métis National Council in Edmonton, the Assembly of First Nations in Vancouver, the Native Council of Canada in Yellowknife and the Inuit-Tapirisat in Iqaluit. The committee heard from leaders of Indians of Nova Scotia, Quebec, British Columbia, Yukon and the Northwest Territories, Métis in

Manitoba, treaty Indians in Saskatchewan and Inuit in the Northwest Territories. If I had not realized how complex this issue was before I became involved with the subcommittee, I certainly realized it after those consultations had been completed. I therefore have the greatest appreciation for the negotiations and compromises which took place to arrive at that part of the agreement dealing with First Nations.

I would like to touch on just a few of the main features of the Charlottetown agreement, in view of the hour and in view of the fact that other honourable senators still want to speak tonight.

Honourable senators, by this agreement the Government of Canada is to recognize within the Constitution the inherent right of Aboriginal peoples to self-government within Canada. This includes all Aboriginal peoples, including status and non-status Indians, Inuit and Métis. This is a very important aspect of the agreement as it affirms, once and for all, the inherent right of Canada's Aboriginal peoples to govern their own affairs, a right which will be entrenched in the basic law of the land.

Recognition of the Aboriginal peoples' inherent right to self-government is a milestone in the history of this country. For Canada's first peoples it represents a victory for justice and self-esteem, and a practical step toward greater prosperity. This recognition of self-government is important because it will secure the legitimate place of Aboriginal peoples in the renewed federation, and assist Aboriginal communities in realizing their full potential within Canada.

Self-government is not a new concept to Canada's Aboriginal peoples who, as we know, governed their own affairs long before European settlers arrived in this country. But they have been unjustly denied this basic right for too many years. This is an opportunity to change the relationships of the past, a past in which Aboriginal peoples have often been treated as second class citizens, and recognize and respect the inherent right of the first peoples of Canada.

Honourable senators, the agreement also calls for the recognition of Aboriginal governments as a third order of government within Canada. In order to ensure some measure of consistency with federal and provincial laws, Aboriginal laws made by self-governing jurisdictions will have to be consistent with Canadian laws which are essential to the preservation of peace, order and good government.

The Hon. the Acting Speaker: Honourable senators, the rules require that I point out to the honourable senator that 15 minutes has passed.

Senator Oliver: May I take one or two minutes more, honourable senators?

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

Hon. Senators: Agreed.

Senator Oliver: In addition, the Charter of Rights and Freedoms will apply to Aboriginal governments as it does to federal and provincial governments. Until self-government agreements are in place, existing laws will continue to apply.

With respect to the financing of self-government, it has been agreed that matters relating to financing will be dealt with in a political accord. This responsibility will be shared by the federal, provincial and Aboriginal governments. The types of costs involved in implementing Aboriginal self-government would include, for example, the cost of negotiating self-government agreements and establishing governmental institutions, if they are not already in place. However, these costs would be incurred over an extended period as self-government is phased in. There is no reason to believe these costs would be significantly higher than maintaining the status quo.

In any case, the right to self-government for Aboriginal peoples is ultimately a matter of simple justice, not of costs and benefits. This being said, the implementation of Aboriginal self-governments will have significant economic and social benefits for Canada as a whole. The first step toward self-reliance is self-esteem, and self-esteem is an essential ingredient of independence. With a greater ability to control effectively their own affairs, Canada's first peoples will be able to act responsibly so as to reduce their dependency on government, and contribute fully to Canada's economic and social growth.

Honourable senators, I think this is a good agreement. I truly believe this agreement as it affects Aboriginal peoples and all peoples of Canada is worthy of our whole-hearted support.

Hon. Consiglio Di Nino: I thank honourable senators for allowing me to speak for a few moments at this late hour.

First, I should like to congratulate all those who participated in the arduous and complex process at Charlottetown. I am most satisfied with the results of the historic consensus reached on August 28, 1992.

I am happy that our leaders have recognized and confirmed Quebec's uniqueness and distinctiveness. I have always cherished this Canadian distinctiveness. Indeed, it may well be the reason why Canada to-day remains an independent country.

I am particularly delighted with the gains made by the Aboriginal peoples. Canada's original inhabitants have been subjected to many injustices and indignities which should shame us all.

Their self-respect, their independence, their culture, their way of life, their religious and spiritual beliefs, their dignity —these things were taken away from many of them. We are only now learning the extent of the damage. Frankly, I doubt that we can ever fully repair the damage or properly repay our debt.

The Charlottetown consensus is far from perfect, as you have heard. Others have expressed opinions on areas of disagreements. This evening, I should like to make some brief comments on sections of the Canada clause.

The Canada clause is another positive step for Canadians. It sets out Canadian fundamentals and principles. It will guide the courts in their interpretation of the Constitution and the Charter of Rights and Freedoms. Many Canadians who are not Aboriginal or of French or English background—about a third of our citizens—have felt left out of the process and are concerned that they are not being appropriately recognized in this round of constitutional renewal.

Clause 2(*e*) states:

> Canadians are committed to racial and ethnic equality in a society that includes citizens from many lands who have contributed, and continue to contribute, to the building of a strong Canada that reflects its cultural and racial diversity.

While it may not satisfy everyone, the racial and cultural diversity and equality are clearly identified and recognized. Could more have been done? Yes. But clause 2(*e*) is a good step forward, a part of the evolution of Canada, which is yet a very young country.

I am confused, though, by the different wording in clause 2(*d*). It states:

> Canadians and their governments are committed to the vitality and development of official-language minority communities throughout Canada;

while clause 2(e) and other clauses only commit Canadians and not their governments.

Some have suggested that this may be discriminatory and may lead to a different interpretation and judicial weight, and have suggested adding the word "governments" to clause 2(*e*). I believe that in the context of the Constitution, "Canadians" includes governments. The people are the government. To clarify this confusion, I suggest that the word "governments" in clause 2(*d*) is superfluous and unnecessary and that it should be removed, resulting in all the clauses having the same force and weight.

Honourable senators, the main criticism I have of this constitutional round is the failure of our leaders to deal with the notwithstanding clause, which I believe to be offensive and undemocratic, especially in a fair and caring country like Canada. It has no place in a democratic society.

The only real purpose of a notwithstanding clause is the abrogation of individual or minority rights, which to me is unacceptable. If there are cases where individual or minority rights have to be restricted, provisions have been made in the Charter of Rights and Freedoms. The next time around, let us scrap this offensive clause.

Honourable senators, Canada is a wonderful land where tolerance and understanding are fundamental values respected by a wide majority of our citizens. Discrimination and racism will always be with us, but in Canada it is not and must never become widespread. The regular and frequent integration of races and cultures in our country is producing a new identity, the identity of the future, or, as I like to say, a race of mongrels, which in human beings is a most wonderful thing. All three of my grandchildren are what I lovingly call "mongrels"—a mixture of genes from different races, colours and creeds.

For their sake and the sake of your grandchildren, I will fight to keep this country together, because it is worth fighting for—the best that the world has to offer. Therefore, I urge all Canadians not to seek perfection but to accept the reasonable compromise reached by the leaders of our nation.

Honourable senators, in answer to the question that will undoubtedly come from my leader, the honourable Senator Murray, I intend to vote "yes" on this motion to concur with our colleagues from the House of Commons in approving the text of the referendum question, just as I will vote "yes" on October 26 on the referendum. I hope you all will, as well.

On motion of Senator Lynch-Staunton, for Senator Everett, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Tuesday, September 15, 1992

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

Prayers.

SENATORS' STATEMENTS

THE LATE HONOURABLE BRUCE HUTCHISON, P.C.

TRIBUTES

Hon. Richard J. Doyle: Honourable senators, Bruce Hutchison, Companion of the Order of Canada and dean of Canadian journalists, died yesterday. We owe him our attention and our thanks.

Back in 1943, when he was 42 years old, the up and coming West Coast reporter wrote these words:

> No one knows my country, neither the stranger nor its own sons. My country is hidden in the dark and teeming brain of youth upon the eve of its manhood. My country has not found itself nor felt its power nor learned its true place. It is all visions and doubts and hopes and dreams. It is strength and weakness, despair and joy, and the wild confusions and restless strivings of a boy who has passed his boyhood but is not yet a man.

When I first came across Hutchison's book, I was far from home in an RCAF barracks. I had just travelled twice across this unknown country and, almost at a sitting, I devoured all 318 pages that led to journey's end at Kispiox, where Chief Solomon Nalth welcomed the traveller in a shower of white feathers from the breast of an eagle.

Here was a writer, said I, who knew what was he talking about. Much more important, here was a writer who knew what I, the reader, was thinking about.

Whether he was telling us why Mackenzie King admired Adolf Hitler, or why Mike Pearson disliked Pierre Trudeau, Hutchison caught your eye, informed your curiosity, and, for the most part, left the judgment to you. On paper, it seems a simple formula. In fact, it is an almost forgotten art.

That his greatest successes—both in the newspapers he wrote for or edited and in the books that excited so many readers—that his greatest successes were judged to be eminently fair accounts of the business at hand is, in itself, remarkable; for Hutchison came to prominence in an era when, instead of a personal bias, a reporter was expected to reflect the affiliation of the paper he worked for. It was not an illogical arrangement in those days, when most Canadian cities were served by two or more newspapers each with firm political ties. How Hutchison served as a soldier in Lester Pearson's army in the opposition is recounted in *The Far Side of the Street*, an autobiography of exceptional charm and candour.

Leap back to the day in 1957 when Pearson dropped his "bombshell" in the Commons. "Mr. Diefenbaker", says Mike, "should resign and permit the experienced Liberals to return to government." "Even the press gallery laughed", says Hutchison, as he joins Blair Fraser to rescue the leader's ego in a dreary CBC studio.

I have known people who have argued mightily with Bruce Hutchison. As an editor I had the temerity to do so myself. I have never known a dissenter who was not better off for the exercise and more circumspect the next time round.

Hutchison's book, *The Unknown Country*, won the Governor General's Literary Award for Creative Non-fiction. Two more awards from Rideau Hall have followed.

From his home in Victoria, he quite successfully edited the Vancouver *Sun* without bothering to commute. It was there, on his beloved island, that the prizes and citations piled up. There, at the age of 90, he published his first novel.

I began this tribute to a great Canadian journalist with a quotation from *The Unknown Country*. I close with lines the Vancouver *Sun* first printed in 1945 when Hutchison was 44, lines that were even more pertinent and important when he died at 91 yesterday.

I quote from Hutchison:

> Many people accept the label and the slogan of democracy, but a very large number refuse to accept its full implications—namely, that the public must be free to do absolutely what it pleases, by majority vote, at any time.
>
> That is, when you come to think about it, a very staggering theory. It is confined to a small part of the world, the few democracies, and it has existed for a couple of generations at most . . . Yet this is the logical and inevitable end of the system of government we have been developing. We have, in fact, gambled everything on the vast unknown and unknowable swarm of men and women who make up the nation.
>
> That gamble has been taken and we cannot withdraw from it. But, if we are to trust the public, surely the first job of a democracy is to educate the public, both in the schools and in their adult years; and if they are to be educated, surely the first things they must have are the facts; and those who suppress the facts, in the government, in the courts or in the press, imagining that they are saving the state from the people, are denying the whole system . . . It is when they suppress in the name of democracy that they become dangerous.

Hon. Royce Frith (Leader of the Opposition): Honourable senators, I believe that a Canadian of the stature of Bruce Hutchison certainly deserves to have his passing noted in the records of the Senate and to have the Senate record something of his distinguished contribution to Canadian life. I know I share with many senators the pleasure of having an honoured place on my library shelves for two of his books, and I think it particularly fitting that his Senate eulogy, if I may call it that, should be delivered by Senator Doyle. I thank him for doing so in such an eloquent and touching manner.

● (1410)

Hon. Senators: Hear, hear!

Hon. Raymond J. Perrault: Honourable senators, the late Bruce Hutchison was a true conscience of the nation; he was a British Columbian, but above all he was a great Canadian.

I served in the British Columbia legislature for a number of years. On the wall of the Press Gallery there is a picture of the young Bruce Hutchison, raw as a reporter could be. He soon acquired a fabulous reputation for veracity, for his ability to lift his sights above the politically petty and the mundane, and for his ability to direct his thoughts, through his writing, to the basic challenges to the province of British Columbia and to the nation from coast to coast. He had a true love of his province; a true love of this country.

Bruce Hutchison had many opportunities to relocate in Toronto or Montreal or New York. He had many, many offers, but he consistently said "No. British Columbia is my home, and I can do my creative work and live a good life in this province," which he did. We were very proud of him.

Bruce Hutchison never regarded his role as a media person as a licence to attempt to destroy the reputations of politicians by unearthing scandals or digging around in the darkness. He was a positive force for good; a perceptive observer of the human condition. The hurried and frantic press scrum was not for Bruce Hutchison. Rather, he was an observer of facts. He would put those facts on paper and then, after studying the facts, offer his own views as a good British Columbian, as a good Canadian.

He regarded his vocation as one imposing upon him a responsibility to be a builder, to be a member of the building crew rather than a member of the wrecking gang. He will be missed at this time in our history as a nation, when we are determining in precisely what direction we will go. Somehow, I feel certain that, in another dimension, Bruce Hutchison will continue to help us keep this great country united and strong.

Hon. Senators: Hear, hear!

DISTINGUISHED VISITORS IN GALLERY

MEMBERS OF EASTERN CARIBBEAN INTER-PARLIAMENTARY DELEGATION

The Hon. the Acting Speaker: I wish to draw the attention of honourable senators to the presence in our gallery of some distinguished visitors. They are members of the Eastern Caribbean inter-parliamentary delegation who are visiting Canada under the auspices of the Commonwealth Parliamentary Association. I have interrupted these proceedings because these ladies and gentlemen have a tight schedule and might have had to leave the Senate before I had an opportunity, on your behalf, to welcome them.

Present in the delegation are the Honourable Wilfred St. Clair-Daniel, Speaker of the legislature of St. Lucia and senior Speaker in the Commonwealth; the Honourable Ivan Buchanan, Speaker of the legislature of St. Kitts; and the Honourable Montgomery Maule, Speaker of the legislature of St. Vincent.

Among the non-Speaker parliamentarians with us today are Honourable Kenny Lalsingh, MP, of the legislature of Grenada; Mrs. Ruby Wade-Bramble, MLC, of the legislature of Montserrat; Senator Winston LeRoy Inniss of Barbados; and the Honourable Walwyne Brewley of the legislature of the British Virgin Islands. The delegation is accompanied by Mr. George Brancker, LL.B., Clerk of Parliament of Barbados and Secretary to the delegation.

Hon. Senators: Hear, hear!

Ladies and gentlemen of the Eastern Caribbean, on behalf of honourable senators, I am pleased to welcome you to our country and to our chamber.

THE CONSTITUTION

REFERENDUM QUESTION—TACTICS OF GOVERNMENT LEADER

Hon. Philippe Deane Gigantès: Honourable senators, before the gracious greeting by the Speaker of our visitors in the gallery, we were speaking of someone whose death will be much regretted. I would like to pass from that to someone who is very regrettable. I mean the Leader of the Government in this chamber, who does not seem to have learned a lesson from the Meech Lake experience, where his bullying tactics made the passing of that accord difficult. There he was yesterday, trying to browbeat first of all Senator Wood and then me into declaring things that we had already declared; hectoring, standing up there like a sort of petty school master, trying to frighten his colleagues.

An Hon. Senator: Pit bull.

Senator Hastings: Badgering.

Senator Gigantès: Badgering, that's right. He has not learned anything. He is L'exécuteur des basses œuvres in this place, just as Harvie Andre is in the other place. I bring up Harvie Andre because he attacked one of our colleagues, Senator Hays. Senator Hays appeared on *Canada AM*, saying that he had some problems with this accord. Then up pops Mr. Andre and he says, "Oh well, he was in the Senate during the National Energy Program and he did nothing to help Alberta." Senator Hays was not in the Senate at that time, and this is the

typical low blow, or kick-below-the-belt tactics of the pit bulls of the Tory Party.

Senator Perrault: Disgusting!

THE LATE HONOURABLE BRUCE HUTCHISON, P.C.

TRIBUTES

Hon. Joyce Fairbairn: Honourable senators, I would not want the occasion to pass without adding to the expressions of sentiment of others in this house my respect and affection for the late Bruce Hutchison. So often when we eulogise people here we have to do it in terms of our own relationship with them, and very often in terms of what they have done for us. Bruce Hutchison has a very special place in my memory because he was one of those who agreed back in the 1960s to support a move within FP Publications, which was the chain to which his newspaper belonged, to take a gamble, for the first time, on having a resident woman in the FP Bureau here in Ottawa.

I was dispatched across the country on a tour of newspapers in that chain, and was grilled by editors and publishers about myself and why I had been chosen for the job, until I got to Victoria. Mr. Hutchison was not in the office. He said, "Come out to my home," which was outside Victoria, where we sat under a tree and he told me his philosophy of journalism, which he finally reduced to two words, and they were, "Be honest".

That is what Bruce Hutchison always was. Not only was he a superb writer but he knew the heart and soul and measure of the pace of this country as perhaps few others ever have.

• (1420)

Bruce Hutchison did not confine himself strictly to writing about his country in isolation, but almost every year took a leave of absence to travel to Washington, or to travel to London, and spent time putting Canadian problems and Canadian concerns and opportunities in a larger context.

He was a gentle man, a kind man, and for all of us who have read him and known him, this is a sad day, but he leaves an absolutely memorable legacy in this country.

Hon. Pat Carney: Honourable colleagues, I would also like to make a few brief comments on the contribution that the Hon. Bruce Hutchison, P.C., has made to this country. He was the essence of British Columbia. He was the essence of Canada. He represented many values that we all cherish. He was an environmentalist before the rest of us ever thought of the concept. He cherished the independence of Canada and those Canadian values that I hope our new Constitution can encompass in the Canada clause.

I also want to point out something which may have been overlooked, although I did not hear the words of Senator Doyle. Bruce Hutchison was a writer who still practised his craft at the age of 91. He regularly wrote a column for *The Vancouver Sun* of such candour and brilliance that it would never occur to anyone to wonder the age of the author. He serves as a reminder to Canadians that one is never too old to practise one's craft in this country; one is never too old to love one's country.

As we enter this important debate on the referendum, a debate that British Columbians have many problems with and many questions about, we will miss his counsel, we will miss his advice and I would love to know how he would have voted, Senator Perrault.

GENERAL ELECTION

NUMBER OF DAYS LEFT IN CURRENT TERM

Hon. Royce Frith (Leader of the Opposition): Honourable senators, the election clock is still ticking. For those of you on the government side whom Senator Murray would describe as democrats, there are 66 days left before the election should be called. If, however, in the words of Senator Murray, any of you are—and I am sure none of you are—contemptuous cowards of democracy, then you have 452 days left.

ROUTINE PROCEEDINGS

[*Translation*]

GOODS AND SERVICES TAX

PRESENTATION OF PETITIONS

Hon. Jacques Hébert: Honourable senators, I have the honour to present petitions signed by 525 citizens of British Columbia who oppose the goods and services tax.

These petitions come mainly from Kamloops and Vancouver.

I also have the honour to present petitions signed by 527 citizens of British Columbia who oppose the goods and services tax.

These petitions come mainly from Victoria, Kamloops, Terrace and Logan Lake.

I have the honour to present petitions signed by 77 citizens of Ontario who oppose the goods and services tax.

These petitions come mainly from Toronto, Oakville, Scarborough, Bradford, Hamilton and Mississauga.

Honourable senators, I also have the honour to present petitions signed by 503 citizens of British Columbia who oppose the goods and services tax.

These petitions come mainly from Kamloops and Clearwater.

Finally, I have the honour to present petitions signed by 541 citizens of British Columbia who oppose the goods and services tax.

These petitions come mainly from Nutsford, Kamloops and Cachecreek.

● (1430)

[*English*]

In these petitions, then, a total of 2,173 Canadian citizens are opposed to the GST and will not have forgotten on election day.

QUESTION PERIOD

THE CONSTITUTION

CONSENSUS REPORT—OFFICIAL LANGUAGES—DIFFERENCE BETWEEN ENGLISH AND FRENCH TEXTS

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, I have a number of questions for the Leader of the Government, but because of the importance of the debate that we are engaged in I will leave those aside except for one which has to do specifically with the matter before us. That is the reason I ask it.

I am referring to the document given to us, the Charlottetown Consensus Report on the Constitution, and my question concerns problems in respect of official language groups across the country, minority groups.

According to the English text, under the Canada clause, the statement is quite precise. It says:

> The Constitution . . . shall be interpreted in a manner consistent with the following fundamental characteristics: . . .
>
> (d) Canadians and their government are committed to the vitality and development of official-language minority communities throughout Canada;

[*Translation*]

However, when you look at the French text, as my friend knows very well since we talked about it, it says:

> *Toute interprétation de la Constitution . . . doit concorder avec les caractéristiques fondamentales suivantes:*
>
> *d) l'attachement des Canadiens et de leurs gouvernements à l'épanouissement et au développement des communautés minoritaires de langue officielle dans tout le pays;*

The French text is a lot weaker than the English text. I know there was some discussion about that, but I would like to know precisely what the position of the government is on that. Is it going to change the wording to reconcile the two versions so that they have the same meaning, what is going to happen?

[Senator Hébert.]

Hon. Lowell Murray (Leader of the Government in the Senate): Honourable senators, it is not up to the federal government to decide, unilaterally, to reconcile or to change anything in the wording of the Charlottetown agreement.

[*English*]

I understand the point that the Deputy Leader of the Opposition is making about the apparent difference between the French and English texts. This has been the subject of some commentary in the public media and by various interested parties. I have no doubt that we will be hearing more about this matter as the referendum campaign proceeds.

[*Translation*]

Senator Molgat: Is the minister saying that the government will keep this version and not try to make both texts identical—which they are not at this point. In the English version it is clear that governments have an obligation to develop, while in the French version it comes across as a vague statement of good intentions or whatever, but not as an obligation.

Senator Murray: Honourable senators, the difference is between the word commitment in English and *attachement* in French. Frankly, I am not well informed on current discussions between federal and provincial, territorial and aboriginal officials.

I do not know whether this provision of the Canada clause is actually being discussed by the parties concerned. I will ask my colleague about this later on, and I will try to give the Senate further information in due time.

REQUEST FOR TABLING OF CORRESPONDENCE BETWEEN THE PRIME MINISTER AND THE PREMIER OF QUEBEC

Hon. Pierre de Bané: The Leader of the government in the Senate knows, I imagine, that according to section 56, both versions are valid. On the other hand, although the Leader of the government is not a legal expert, I am sure he will agree that, if our various constitutional acts all translate committed by *s'engager*, with the exception of the Charlottetown agreement where, for the first time, committed is translated by *attachement*, it is clear that the Supreme Court would rule that the constituent authority had a reason for not using the time-honoured translation of committed, which is *engagé*. If, for the first, time another word was used instead, it is pretty obvious, as was said just now by the Deputy Leader of the Opposition, that they do not want to give the same protection to official language minorities.

That being said, I would now like to ask the Leader of the Government the following question. On the first page of today's *La Presse*, there is a reference to an exchange of letters between the Prime Minister of Canada and the Premier of Quebec during the days following the Charlottetown agreement. May I ask the Leader of the Government in the Senate to table this correspondence so that we could read it?

Hon. Lowell Murray (Leader of the Government in the Senate): Honourable senators, my friend must realize that the

consent of both governments is required before this kind of correspondence can be tabled in Parliament. I would be glad to put the question to the Prime Minister's Office.

[*English*]

PRINCE EDWARD ISLAND

FIXED LINK—STATUS OF PROJECT

Hon. M. Lorne Bonnell: Honourable senators, with respect to the province of Prince Edward Island and Charlottetown, where the latest accord was reached, the whole question of the fixed link is very important.

I understand that the Department of Public Works Canada is now removing the tourism information bureau, the handicraft shops and other little boutiques on the Wood Island Shore near the Caribou-Wood Islands ferry terminal.

Is the removal of these shops and stores and restaurants and tourist bureaus the first stage of the fixed link, which will see the removal of the ferry between Wood Island and Caribou? Could the Leader of the Government in the Senate please give me an update as to what is taking place at Wood Island and why these buildings are being removed?

● (1440)

Hon. Lowell Murray (Leader of the Government): Honourable senators, I am not at all aware of the activity to which the honourable senator refers at Wood Island. However, I state that there is no intention on the part of the government to terminate that ferry service.

Senator Bonnell: Honourable senators, when the minister has more time, will he dig out the details so that he can provide us tomorrow with an answer concerning what is happening at Wood Island?

Senator Murray: As I understand it, the honourable senator is speaking about changes that are being made affecting some of the concessionaires at the terminal. I will make inquiries of the responsible minister and bring in a detailed report for my honourable friend.

THE CONSTITUTION

REQUEST FOR TABLING OF CORRESPONDENCE BETWEEN PRIME MINISTER AND PREMIER OF QUEBEC— GOVERNMENT POSITION

Hon. John B. Stewart: Honourable senators, I wish to go back to the question raised by Senator De Bané. He referred to a newspaper story concerning letters which are alleged to have been exchanged between the Prime Minister of Canada and the Premier of Quebec.

Are we to understand from the minister's response that there was such an exchange of letters, that the exchange of letters dealt with proposed amendments to the Constitution of Canada, and that there is a possibility that the two governments would decline to make those letters available to this house and to the Canadian public?

Hon. Lowell Murray (Leader of the Government in the Senate): Honourable senators, I really do not know the answer to that question. As I came into the chamber, I had an opportunity to see a copy of *La Presse* on the desk of my colleague Senator Simard. I read the headline and the first two paragraphs of the article.

What the article said was that *La Presse* had obtained copies of an exchange of correspondence between Prime Minister Mulroney and Premier Bourassa. I would have to make inquiries as to whether there has been such an exchange of correspondence, after which I might then be in a position to answer the rest of the question as to whether the two governments think it appropriate to table that exchange of correspondence at this time.

ORDERS OF THE DAY

THE CONSTITUTION

REFERENDUM QUESTION—CONCURRENCE IN MESSAGE FROM COMMONS

On the Order:

Resuming the debate on the motion of the Honourable Senator Murray, P.C., seconded by the Honourable Senator Lynch-Staunton:

That, pursuant to the *Act to provide for referendums on the Constitution of Canada*, the Senate concurs with the House of Commons in approving the following text of a referendum question:

"Do you agree that the Constitution of Canada should be renewed on the basis of the agreement reached on August 28, 1992?

_____ _____

yes no"

and,

That a Message be sent to the House of Commons to acquaint that House accordingly.

Hon. Douglas D. Everett: Honourable senators, I rise to take part in this debate with a certain amount of sadness. I had thought that in the negotiations on the Constitution, there would be a trade-off between the concept of a distinct society for Quebec to be contained in the Canada clause, and a greater clout at the centre for the Prairie provinces and the Maritimes in the operation of the federal government. That would be achieved, of course, by an elected, effective and equitable Senate. I must say I never agreed with the concept of an equal Senate.

Quebec did achieve its distinct society status and that interpretive clause sets the threshold for the attainment of further powers by the Province of Quebec over the next few years.

Indeed, Mr. Yves Fortier, a former ambassador to the United Nations, appeared before a legislative committee of the National Assembly and made the following statement. He

said, "The concept of a distinct society in the present agreement is much stronger than it was in the Meech Lake Accord." He said, "The courts will give the provision priority over other fundamental characteristics outlined in the proposed new Canada clause when they interpret the Constitution."

Mr. Fortier, a constitutional lawyer, went along with Mr. Bourassa's recent statement that the agreement was only the first step toward greater powers for Quebec.

On the other side of that attainment, it seems to me that the Senate has really been emasculated; emasculated due to the slavish attachment of the western premiers and certain premiers in the Maritimes to the concept of equality. Indeed, power within this Senate and within the federal government has been arrogated to Ontario and Quebec and away from the Prairies and the Maritimes.

We can look at some of the details of the make-up of the new Senate to understand what has happened to the power of this body. Senators can be appointed by the legislative assemblies of the various provinces. Quebec intends to do just that. Surely, if senators are appointed by a legislative assembly, the loyalty of those senators is to their provincial government. Surely, an elected Senate was fundamental to the concept of a new Constitution for Canada.

If, on the other hand, it is determined by a province that its senators will be elected, that election will take place at the same time as the general election. In other words, if the House of Commons dissolves, then all of Parliament dissolves and the Senate is involved in the same general election as the House of Commons.

Federal legislation governs how the general election will take place and how the election of senators will be determined. Under those circumstances it is highly unlikely that we will have any concept of proportional representation. The election will be direct, as it is in the House of Commons. The end result will most likely be that the Senate will reflect the same distribution of seats as the House of Commons; something which will greatly reduce the independence of the Senate.

I had hoped that the Senate would be elected at prescribed times that would not coincide with the election of the House of Commons. Indeed, I had hoped that there would be some method of proportional representation so that the representation would be wider and more independent. Over and above that, this new Senate is not to be a confidence chamber, and it is not to have any representation in the cabinet.

There are four categories of legislation with which the new Senate will deal. They are supply bills, legislation materially affecting the French language and culture, fundamental tax policy changes directly related to natural resources, and other, or ordinary, legislation.

Dealing first with other legislation, the Senate has 30 sitting days to deal with such legislation after it has been disposed of by the House of Commons. A defeat of the legislation in the Senate triggers a joint sitting of the Senate and the House of Commons. One has to take into account that if the Senate is elected at the same time as the House of Commons by direct election, then it is highly unlikely that a great deal of legislation that comes from the other place will be defeated in the Senate. That is so because government supporting senators will likely be in the majority.

At a joint sitting, the majority determines whether the legislation passes or fails. The Senate goes to that joint sitting with 62 seats. The House of Commons goes with 337 seats. That is an additional 42 seats over what they have today, and, of those 42 seats, 36 are going to Ontario and Quebec.

One can understand that the Senate vote will likely be split and will be quite close if the legislation is defeated in the Senate. The result, I suggest, is that there will be precious few joint sittings, and, when there are, the government in the House of Commons will generally override the veto of the Senate.

Then we come to the question of supply bills. Those are defined in the legislation as taxation, borrowing, and appropriation bills. For some reason, they exclude fundamental policy changes to the tax system. I assume that, under those circumstances, those fundamental changes would be dealt with as ordinary legislation.

As far as supply bills are concerned, it is not 30 sitting days after the Commons deals with the legislation; they must be dealt with in 30 calendar days. If the Senate defeats the legislation or amends it, then it can only be suspended by the Senate for a total of 30 days. It can then be repassed by the Commons.

Then we come to the classification between ordinary legislation and supply bills. Interestingly enough, the originator of the bill determines whether or not it is a supply bill. In most cases, the originator will be the government.

The appeals from that determination are to the Speaker of the House of Commons who is only required to consult with the Speaker of the Senate. The Speaker of the Commons makes the final determination.

If supply bills were confined to a broad classification—that is, the budget, the main borrowing bills, and the main appropriation bills that arise out of the Main Estimates and the Supplementary Estimates—then that probably would not be a problem. But senators are aware that a number of bills that go through have attached to them an appropriation. They get what is called a Royal Recommendation. By virtue of that, they become supply bills, and under the proposals the Senate can only suspend those bills for 30 calendar days.

Look at the situation that will obtain then. The government of the day—and let us assume that we have an aggressive government—will determine whether or not a bill is a supply bill or an ordinary bill. If it is a supply bill, then, by virtue of the fact that moneys are appropriated by that bill, and the Speaker of the House of Commons backs up the government,

as he or she probably will, the Senate only has a 30-day suspensive veto. No longer will it be able to defeat the legislation and cause a joint sitting of the two houses.

I have had some experience dealing with appropriations, Main Estimates, and Supplementary Estimates, and I can tell honourable senators that there are a number of bills that go through Parliament that have appropriations attached to them.

The free trade bill would be a case in point. Those bills under this legislation would become supply bills, and the Senate would lose all power to deal with them other than to suspend them for 30 days.

There is also another aspect that is somewhat arcane but nonetheless worthy of examination. Quite often in the Main Estimates and the Supplementary Estimates, there are what we call one-dollar items. The government legislates by putting into the Estimates an amount of $1, and then amends existing legislation.

If one thinks about it, if they bring in the Main and Supplementary Estimates with $1 items, those are supply bills; again they can legislate through that method and the Senate cannot do more than suspend the bills for 30 days.

So there is a real hole here. The Senate would not be able to deal with the legislation on the basis of causing a joint sitting; all it could do is suspend it for 30 days. As I have said, in the hands of an aggressive government, there is no way that I can see that this could reasonably be stopped, unless there was a much stronger Commons speaker than we have had in the past.

Hon. Lowell Murray (Leader of the Government): With regard to the earlier point of the honourable senator, does he not agree that the Charlottetown agreement tries to limit the definition of supply bills so that the definition could not cover as wide a variety of legislation as Senator Everett and Senator Stewart suggest?

I draw my friend's attention to page 6, paragraph 13 of the Consensus Report.

Senator Everett: That is a very liberal interpretation of the proposal. It refers to revenue and expenditure bills —supply bills. Then it goes on:

> In order to preserve Canada's parliamentary traditions, the Senate should not be able to block the routine flow of legislation relating to taxation, borrowing and appropriation.
>
> Revenue and expenditure bills ("supply bills") should be defined as only those matters involving borrowing, the raising of revenue and appropriation, as well as matters subordinate to these issues.

My legal interpretation of that, not having practised law for some considerable length of time, would be that, even under the *ejusdem generis* rule, this language would be interpreted by most courts as giving a pretty broad ambit to the government of the day to decide that a bill, while albeit not being a major appropriation bill arising out of the Main or Supplementary Estimates, could be a supply bill because there was an appropriation attached to it.

Moreover, the proposal states quite clearly that the initiator of the bill will decide what kind of bill it is. I think anybody interpreting that clause at the bottom of page 6 would say that there is a broad ambit in the hands of the initiator of the bill to make that determination, and if the Commons Speaker agrees that is the end of it.

The honourable Senator Murray may be right, and at some future date I may apologize to him for being a less talented interpreter of the clause than he is. Indeed it may be, in terms of usage and custom, that the kind of thing that I am talking about does not occur. But the fact of the matter is that the potential is here for that sort of thing to occur. Through the designation of these bills as supply bills, or through the use of $1 items, the power of the Senate would be very greatly reduced. There are two other categories.

The Hon. the Acting Speaker: Honourable senators, the rules require that I point out that 15 minutes have elapsed. Is there leave for the honourable senator to continue?

Hon. Senators: Agreed.

Senator Molgat: Honourable senators, during this debate we have had a number of requests from honourable senators for an extension of time, and I think we should accept that generally in this debate. Certainly from our standpoint, we have no objections.

The Hon. the Acting Speaker: May I interpret that to mean that there is consent that, during this debate, the Speaker will have no onus under the rules to point out that 15 minutes have elapsed?

Senator Lynch-Staunton: I think it would be wiser if we did not allow unlimited debate. This is an important issue, and I think time limitation has worked pretty well so far. It is good that the Speaker alerts us when the 15 minutes have expired. To date, the Senate has been understanding and senators have been allowed to finish. I would urge the His Honour give a reminder, if need be, in each case.

The Hon. the Acting Speaker: I just wish to understand the Senate's position: Is it that the Speaker shall continue to point out when the 15 minutes have elapsed, and ask for leave for the senator then speaking to continue?

Hon. Senators: Agreed.

Senator Everett: I thank honourable senators. I will try to be as brief as possible. However, when a question is asked in the middle of a speech, I think the clock ought to stop running. I thank honourable members for their courtesy.

There are two other categories of legislation, as honourable senators are aware. One deals with fundamental tax policy changes directly related to natural resources. In that case, the majority of the Senate will decide whether the tax legislation will pass or not. That decision cannot be overridden by the

House of Commons, and the document itself says that the definition of what sort of legislation would be involved here is still to be determined.

In terms of tax legislation, there really is no rational reason for that particular legislation to be subject to the veto of the Senate without reference to the double majority. It is obviously there for political reasons, to get Mr. Getty onside. I accept that as one of the realities, but it is not very good reasoning in terms of tax legislation.

The final piece of legislation that will be dealt with by the Senate is legislation materially affecting the French language and culture. Again, the originator of the bill will determine if a bill falls under that category. In this case there will be an appeal to the Speaker of the Senate, who will operate under rules to be established by the Senate.

It is interesting that in the case of supply bills the Speaker of the House of Commons makes the determination. There are no rules. However in the case of the Senate, with regard to French language and culture, the Speaker of the Senate will make the decision but there will be rules. I think that is preferable and should be applied to the determination of what is a supply bill in the House of Commons.

It is intended that those rules of the Senate will provide adequate protection for francophones and, indeed, upon induction into the Senate, senators will declare whether or not they are francophones for the purposes of this legislation. They can be challenged and, again, that challenge will be determined by the rules of the Senate.

All legislation materially affecting the French language and culture will be decided by a double majority; that is, a majority of the Senate and a majority of the francophone senators. There will be no appeal from that decision. I find that hardly democratic when one considers that perhaps as few as six or seven francophone senators, at least five of whom will come from the province of Quebec, having been appointed by the National Assembly and not elected, will determine all legislation that materially affects the French language and culture. That is not good democracy, in anyone's terms.

Finally, the Senate will be responsible for the ratification of certain appointments. The one that is mentioned in the legislation is the ratification of the appointment of the Governor of the Bank of Canada. There will be other key appointments to be ratified by the Senate, but what those appointments are is to be determined by federal legislation. These will include the heads of national cultural institutions and the heads of federal regulatory boards and agencies. Again, a majority of the Senate decides. There is no appeal from that decision.

It may be a good idea; I do not know. I am somewhat apprehensive about it. With regard to the Governor of the Bank of Canada, as much as I have disagreed with some of the policies of the present Governor of the Bank of Canada, I am not so sure that it is a good idea to try to get commitments in advance from the Governor in respect of what policy he would exercise if certain conditions arose. I just do not think that that would be good business, and I do not think he should be put through that grilling, although I admit that there are arguments on the other side.

[Senator Everett.]

I think we could see the kind of circus we have seen in the United States Congress as a result of this change, because that will be the main opportunity for the senators who will grace this place to have public visibility, and they will most certainly use it.

Finally, one wonders whether a Senate of this size can really do its job. There will be 62 senators. Ordinary legislation has to be dealt with in 30 sitting days after the Commons disposes of it, and supply bills in 30 calendars days after the Commons disposes of them. Time will have to be allotted for the joint sittings. There will be the ratification of appointments, which will involve lengthy hearings. Then there is the normal committee work of the Senate, both in respect of legislation and in respect of providing a forum for future legislation. I think the senators under that scenario will be very busy people. They may rise to the occasion but, by the same token, an awful lot might not get done.

In short, honourable senators, we certainly did not get what I hoped for. I think we have ended up with a Senate with greatly reduced power. The west has lost out on the deal and power has moved from the west and the Maritimes to the central provinces which, in my judgment, was never intended. We got our equal Senate, but we got precious little else.

I will vote for the question in the referendum because I think the question should be dealt with. I would only hope that in the period leading up to the referendum, an explanation, not just of how the Senate works but of how this whole deal is to work, is given to the public so that the decision is made on the facts. People should not make their decision on the basis that if we do not make a deal now, the country will go down the drain.

In other words, I believe there should be a rational examination of the very complicated agreement that was reached between the Premiers and the Prime Minister so that the Canadian public can understand what they are getting into. It is fine if they decide that this is what they want, but I hope to goodness that they decide on what is contained in the deal and not on some concept that if you vote against it, you are against Canada and if you vote for it, you are for Canada.

[*Translation*]

Hon. Solange Chaput-Rolland: Honourable senators, I will not try your patience too much because my text is only three pages long.

Today, I will not speak as a Conservative senator, if possible. I would like to speak as a Quebecer who is a Canadian and one of Quebec's older generation. You must remember that I have seen a lot. Like all my fellow citizens from here and elsewhere, I am very aware of the seriousness of the situation in Canada.

I will say right away that I will vote "yes" to Canada without hesitation, without fear and openly wherever people will hear me.

It would really be a lot to ask me to say that this agreement is so good that it is cause for no concern; however, it is no longer the time for us to express our concerns but our certainties.

● (1510)

[*English*]

There are two aspects of the national referendum of which I feel morally and politically obliged to remind English-speaking senators on both sides of this House. The first deals with the chance that all English-speaking senators on both sides of this institution possess to begin with. Every single one of you can voice openly your qualms and uncertainties concerning some articles, lines, and constitutional divergences without upsetting the fragile balance that confronts Quebecers who, like me, believe in Canada. Your own province may even vote "no" to this accord without risking the breakup of this country. The party to which you belong in this house and in other houses may lose its provincial or even federal election without necessarily breaking up the country.

Each and every province of Canada is endowed with what is termed "Her Majesty's Loyal Opposition". May I remind you, as gravely and as seriously as I can, without any esprit de partisanerie politique qu'au Québec, our government does not have an opposition; it has an option, and that option is "sovereignty". This is our alternative, an alternative that too many English-speaking Canadians do not take seriously enough. When you go into ridings across the land, you can, as you have done here, well criticize the accord. Many of you have done it, and justly so. Yet your criticisms do not endanger the frail equilibrium between a sovereign and a Canadian province. In Quebec, if those of us who believe in Canada begin once again to analyze, scrutinize, assess and evaluate the consequences of this accord, we will only serve —and serve very well at that—Mr. Parizeau and his party and Mr. Bouchard and his party.

Secondly, I wish to touch briefly on an experience I lived during the referendum of 1980. I still bear the scars of that ordeal. In most Canadian homes, members of your families may have different political views on your individual societies, but rarely will you confront yourself with parental feuds. In Quebec, it is already a tragic reality. Sons and daughters are too often against mothers, fathers and grandparents. Friends and neighbours have insulted each other and will again. It has already started. An important sector of our press has already stabbed Mr. Bourassa in the back. He does not deserve the contempt he has so far received from some of your own compatriots and too many of mine. I wrote in *La Presse* in the week of August 24 how appalled I am as a writer and a journalist by what I read and hear in our francophone and anglophone press.

For all these reasons, I hope that many of you in this House, as well as in the other, will think of Quebec with respect and with a greater understanding and will refrain from repeating how tired you may be with our difficulties, with our nationalism, and our unfortunate intolerance concerning minorities. Again, if you think that Quebec has received too much in this deal, keep in mind the awesome number of Quebecers who believe, and say, that we have received too little. Also keep in mind, whatever your political affiliation may be, the constitutional weight Robert Bourassa has carried on his shoulders for the last two years, whether we approve of the way he has done so or not. He does not only defend his party's policy and his own convictions, but he also defends the continuity of our country. If he loses the referendum, and he might well do so, if the accord is torn apart by criticism, I believe firmly that Canada will lose a part of its soul; and if Quebec breaks away from Canada, it will also lose the other part of its soul.

So at long last, senators, in this present house, I wish that all of us, whatever our reservations about this accord may be, could put the interests of the country before the interests of our respective parties.

[*Translation*]

As for me, I will tell you again with all the seriousness of which I am capable that my "yes" is without reservation for my country, not because of politics but because of something my father said to me:

> I do not want to leave my children a smaller country than I received.

Neither do I! Thank you, honourable senators.

Hon. Senators: Hear, hear.

[*English*]

Hon. Colin Kenny: Honourable senators, the question before us today is this:

> Do you agree that the Constitution of Canada should be renewed on the basis of the agreement reached on August 28, 1992? "Yes" or "no".

The resolution really asks us three things: First, do we support the idea of a referendum; second, do we agree with the proposed wording; and third, do we believe that October 26 is the right date?

The beauty of a referendum is that the people decide in a direct way about an issue, and no one can quarrel with that. The difficulty with a referendum is that the process is open to manipulation and is potentially divisive. This is particularly true when the issues involved are complex and the only answer is "yes" or "no". It presumes that there is no other solution than acceptance or rejection of the whole package. The issue is complicated further in this case because the entire debate is and will be highly charged with emotion rather than being a carefully reasoned examination of what is best for Canada.

The next thing we must consider is the wording of the question, and the wording is obviously flawed. There is no doubt that the first three words "do you agree" are leading in a way that will bias results, and the word "renewed" should be

replaced with something neutral, such as "changed" or "altered". It is a pity that the authors did not have enough confidence in the substance of their proposal to allow it to be put in a manner that professional pollsters would consider fair and unbiased.

Finally, regarding the date of October 26, it is too soon. There is just not enough opportunity for Canadians to absorb these proposals, to consider how they will work and decide if this proposal will make Canada a better place.

● (1520)

All of this is happening in an atmosphere that has been poisoned by a government that has elevated the debate to a life-and-death struggle for Canada. It is not, except perhaps for politicians who are struggling for power. Canadians know that this is just another constitutional proposal, and they have seen dozens of those and the country has survived.

I get a great feeling of discomfort when I see everyone in this institution lining up on one side in an effort to rush something through, particularly something that was devised only a few weeks ago, of which none of us has yet seen the final text. We are told that this is the best deal that Canada can expect and that anyone who dares oppose it is an enemy of Canada. We are also told that we have to accept this deal because Canadians are fed up with constitutional discussions. We are told that if we do not accept this scheme, Quebec will separate. We are told that without this deal our economy will suffer and the dollar will weaken. If this deal is so good, if it will resolve our constitutional questions for decades, if it will keep Quebec in Canada and if it will strengthen our economy, then surely it can stand a little scrutiny.

Even the text we have now says two quite different things when you compare the English and French versions of paragraph 1(d) of the Canada clause. Is this just a question of "The Gang that Couldn't Shoot Straight", or is the government trying to appear committed to minority language rights in English Canada while soft- pedalling them in French Canada? How well thought through is the substance of the text if the English and French versions of the proposal do not give the same message to Canadians from coast to coast? Why did the government not wait a few weeks so that Canadians could see the final text? Why can we not take a few months so that Parliament, the provincial legislatures and the people can examine how this agreement will affect the lives of Canadians?

Who is measuring the constitutional proposals against the tests that are really on the minds of people, such as: Will this deal do anything to help Canadians find and keep good jobs? Will this deal do anything to improve the education of our kids? How will these proposals enhance our health care system? What is there in this deal that will make our neighbourhood safer? Will these changes do anything to improve the security of older Canadians? How will these proposals make Canada and Canadian industry more efficient at home and more competitive abroad? Will this deal give us a political system that will work, or it will it simply reinforce the differences and divisions within the country?

[Senator Kenny.]

What I do not like about this process is the sudden rush to judgment. You can surely say that we have been at this for years, but what has really happened? Was the Meech Lake adventure really necessary or was it a clumsy effort that backfired and exacerbated divisions between Quebec and the rest of Canada? People in Quebec were offended because the Prime Minister described a rejection of Meech as a rejection of Quebec. Quebec was not being rejected; a bad deal was being rejected.

After Meech, we were put through a long period of consultations that were substantially ignored. First, the Spicer Commission and then the government's proposals of September 1991, and then the Senate and Commons committee hearings with 3,000 submissions and 700 witnesses. Then we had six national conferences, and then we had the round of meetings from March 12 to July 7, when Joe Clark announced a new deal that could not be substantially changed.

Then, between August 4 and August 28, the Prime Minister chaired four secret meetings and emerged at the end with a completely different deal. Then he had the gall to announce, before anyone could even see a completed text, that opponents of this deal were enemies of Canada. So here we are, less than three weeks later, rushing to approve a referendum question the supporting text of which no one has yet had time to consider.

How is the government handling the process? They are stifling discussion by putting anyone who questions the merits of the proposals into bed with the separatists or the Reform Party. Joe Clark is saying that a decision to oppose the deal is giving in to extremists and playing politics with the future of the country. This is nothing more than a new form of McCarthyism. Do not examine the merits of the proposal, just scare people into silence by telling them they are unCanadian, then ram the referendum question through Parliament and get a decision by October 26—yes or no, all or nothing; this is the only solution that will save Canada.

Honourable senators, this might well be the right thing for Canada, but when do we get a chance to sit down calmly and talk about it? If it is such a good deal, why the scare tactics and the big sell? Will the world come to an end if one more constitutional proposal does not work out?

Canadians are sick of artificial deadlines, all or nothing deals, seamless webs, constitutional roulette. They will not accept bullying cloaked in patriotism, or any deal just to have a deal. They resent the tricky manœuvring, the loaded wording, the rushed timing of this referendum proposal.

As a Parliamentarian forced to deal with this motion, I take comfort in the fundamental wisdom of Canadians. I have no doubt that on October 26 they will make the right decision in spite of this government's manipulation.

Senator Murray: Honourable senators, has the honourable senator decided how he will vote on October 26?

Senator Gigantès: Oh, come on! Do you intend to be a guttersnipe all your life?

Senator Kenny: You will find out in due course.

Senator Thériault: Can't you shut up for God's sake! You caused enough problems in 1990.

Hon. Mabel M. DeWare: Honourable senators, as a Canadian I would like to say how very disappointed I was this week to hear the National Action Committee on the Status of Women rejecting the Canadian round, a proposal for a new Constitution. This Canada round package, agreed to in Charlottetown, was arrived at after years of negotiations, as you all know. Ten years, yes. We can even go back to Victoria 1971. A "yes" vote on October 26 and a ratification in the legislatures of this country to the Canada round is the most important issue before us today. How can the national action committee say that this package undermines the rights of women?

The constitutional package was adopted by our first ministers, territories and Aboriginals with all Canada in mind. In the 1970s and 1980s, many interest groups were formed in the country whose purpose was to improve conditions for women and children in Canada. These organizations worked very hard to institute the concept of equal pay for equal work, for child care, to establish and fund shelters for abused women, for abortion rights and, yes, you might say anything that would create equal status for women in this country today.

I am not condemning the progress these organizations have made in this time. However, if they refuse to vote yes to help keep Canada together, I am afraid that all they have worked for will be for naught. I cannot understand why they do not see that the only way their goal of improved conditions and equality for women and children in Canada will come about is by economic development.

● (1530)

With economic development will come improved imports and exports, more investment in Canada, more consumer spending. All this will come about when the international community knows that Canada has put its constitutional package to bed and is united as one whole community.

The women represented under the NAC will realize that a "no" vote will hinder their progress. They will not have funds to continue their cause and their fight for women's issues because, if we lose this debate, the economy will not allow them to continue their work.

Women of this country, this package is for you, for all of us. For men, women, teenagers and our children and grandchildren. I urge you to vote "yes".

I have always been so proud to see our Canadian flag raised at the Olympics, the Summer Games and the Winter Games. This week in Barcelona at the Para-Olympics, we have children competing for themselves and competing for us and they are so proud to represent Canada.

Fellow parliamentarians, let us make these young people proud of us and vote "yes" on October 26.

Hon. P. Michael Pitfield: Honourable senators, in the aftermath of the failure of Meech and post-Meech, the federal government was presented with a wonderful opportunity: the challenge of leading the provinces in the definition of a perception of our country that would unite the enthusiasm of all Canadians.

Canadians desperately want that. Canada needs it. The elements required for it have been there for some time. All that is needed is a government that is capable of iterating the idea and having the people believe in that idea.

For a while it could be hoped this might happen, that Canadians would be enabled to rid themselves at last of the endless conflicts over national unity that drain us of our energy and our creativity, seeming to cripple at birth so many important national dreams and endeavours.

In the event, the government has unfortunately been unable to meet this challenge. It did not lead. It followed. The consensus report of August 28, 1992, that it has produced not only has no central concept, but is in fact internally inconsistent. A dab here and there; more of this, more of that. At the end it will add greatly to the complexity and the weight of the already top-heavy, governmental, constitutional burdens we have. While it compounds the flaws of our constitutional system it militates against the genius of our system.

Now, in the irreversible consequences of the acceptance of pactism in our Constitution, we begin to see the real tragedy of Meech. We are presented with nothing more than a bunch of trade-offs between governments and some of the major interest groups in the country. The report has little relevance to the ordinary people. Certainly it will not unite their enthusiasm. It is far from the renewal it boasts to be. On the contrary, there is good reason to fear that we are witnessing the birth of a monster.

It is proposed that we have a referendum based on this document. We have no choice but to do that. Ottawa, Quebec, and to some extent other governments, have got themselves into a position where there has to be a referendum to get each off a hook that is overwhelmingly the result of partisanship, greed and ambition.

Moreover, we are put in the position where we have to support these proposals because, if we do not, there will be unleashed allegations of hostility to Quebec and injury to the unity of Canada which, however much unfounded, will nonetheless be vigorously exploited for the purpose of enabling the politicians involved to stay in power. In the constitutional version of "Chicken", the game is not to fear putting the existence of our country at risk.

Even now, with an eye to electoral advantage, a devious piece of legislation, tens of thousands of government employees and hundreds of millions of dollars are being marshalled to spread the illusion of a constitutional agreement that does not really exist.

The referendum is founded upon a document that few, even of those inside government, have read or are likely to read. Though ministers speak of it and the media through habit have come to call it "an agreement" or "an entente", it is officially entitled "a consensus report", and that is really what it is: at most, largely an agreement to work out an agreement. Upon close examination there is not yet that much substance, nor that much consensus to it. To refer to it in reverential tones as "an agreement" or "an entente" is boasting of a manly prowess that is not really there. It is, in my view, premature to talk of who won this or who gained that. There is as yet much to come.

The document itself recognizes that the consensus it reports is far from complete. Had it been regarded as complete, federal and provincial ministers would have signed it as they have signed others on similar occasions in the past. It is not signed. It is nowhere near ready to be signed.

If it were complete, it would not have to acknowledge—as it does—that "dissents . . . are not recorded in this summary document."

If it were complete, then federal and provincial ministers would not have had to resort to the use of the contrivance of "a political accord", as they do 24 times, to accommodate the inability to cast their agreement in legally binding language. Nor would they have had to note the 16 or 17 political accords that are nothing more than agreements to someday agree. Nor would the document record that ministers have decided not to pursue 14 major issues and to leave six others unresolved for the time being.

The test of this basis for a referendum should, of course, be in examining the legal texts. Senator Murray has said that we are unlikely to see these texts before the referendum. Mr. Clark scoffs at the idea that anyone other than the lawyers would want to see them at all. But there are very few Canadians who will want to trust the government in this regard. The fact is that, even where there is agreement in principle, a critical amount of the detail is still missing and, obviously, the detail could make the principles meaningless.

There is no reason to believe that the government will take the sanctity of the law any more seriously than it takes the role of members of Parliament. Members got the consensus report the day before this debate began. The government will be just as cavalier in dealing with other uncertainties—and there are many uncertainties. For example, where further political consultation is required, and a lot is, we do not know whether the government will call for further federal-provincial meetings—of ministers or officials—or what will happen after the referendum, presuming the "yes" vote wins?

[Senator Pitfield.]

● (1540)

We do not know whether the package must be accepted and dealt with as a whole or whether it can be trotted out for enactment piecemeal and who is to decide how to proceed.

One could go on and on. The fact is that there is so much uncertainty that one cannot but suspect that either parliamentarians, and the Canadian people with us, are pawns in what is basically a con job or that ministers are floundering, fighting for time, and winging it as they go.

How have we come to this pass? The answer is that Canadians are so fed up with constitutional demands and threats that they are prepared to do almost anything, to believe almost anything, in order to get the constitution out of the way, in order to get on with resolving the economic problems which the country faces and which are more real and certainly more immediate.

Politicians have been arguing over the Constitution for so long and with such sorry results that everybody wants the debate to end. Many people do not care for the moment at what cost. The fear and frustration of the present situation has engendered an attitude of indifference to the accuracy of what is said and the cost of what is promised. The attitude is one of, "damn the torpedoes, full speed ahead."

It is in the context of this fatigue, this exasperation, of overwhelming impatience and the mood of virtual irresponsibility that goes with it, that appeals for vengeance upon Canada's enemies can be made and other forms of intimidation can be practised. Then ministers can be freed from being called into account when it is said that there is this wonderful package of reforms, that the proposed referendum will put an end to constitutional demands and the threats of separation.

The credibility and integrity of our institutions of government, which are the foundations of our democracy, demand that our people know that the referendum is not going to end the constitutional battle, that the consensus report will inevitably whet many appetites for more. As Premier Bourassa said last week, "We've only just begun. The debate will not end with the referendum."

Those who have hopes of peace and certainty settling over the land and financial stability creeping back into the markets would do well to face up to reality.

The Prime Minister and Mr. Clark are dashing around speaking of this "entente" when there is no entente, this "package" where there is no package, this "renewal" when there is no renewal. Business and opinion leaders call people to hold their nose and vote. Simply urging people to be realistic is to invite recrimination. For the moment it is "in", if not quite to cast about pointing the evil finger at the enemies of Canada, at least to talk mellifluously of how the referendum is

not intended as a contest between those who believe in dividing Canada and those who believe in a united Canada. The referendum relates to an appreciation of what it means to be a Canadian. You are either proud to be a Canadian or you are not. You either love Canada or you do not. No one can be obliged to do either.

What is the use of this kind of talk from a Government except to imply that such intolerance may just be permissible at this juncture? Indeed, how does this kind of talk differ from that of those in Quebec who would argue today over who is or is not "pur laine"? How far are we already from the demagoguery that is the plague of the referendum technique?

Look carefully at the question the government wants to put in its referendum. Leave aside the manipulative purpose behind the word "renewed." On its face, the question does not seek the ratification of an entente but rather approval of a document as a basis for negotiation. It does not say, "Do you approve of the agreement of August 28, 1992," but rather, "Do you agree that the Consensus Report can be the basis of an agreement?"—an agreement, moreover, it says, for the "renewal" of the Constitution of Canada.

Along the way, it lets Mr. Mulroney and Mr. Bourassa claim small victories, wiggle out of uncomfortable undertakings, and reset the agendas of their governments. It would be imprudent to block these escapes. Further failures by Mr. Mulroney and Mr. Bourassa at this juncture would only add to our problems.

I regard the distinction between approval of an agreement and approval of a basis for agreement as vital. What we have is not an agreement. It could be the basis for an agreement, and thus the importance of what happens after the referendum is won. What is terribly important is that a "yes" to the referendum question not be translatable into a blank cheque for further constitutional adventures, much less that this government be enabled to ram down our throats its version of what implementation of the Consensus Report should be. That is going to require a great deal of further discussion.

The question as it is written is comparatively innocuous, but there are great dangers in what governments are leading, and the media are accustomizing, people to read into it: That it is an entente. Where? That it will solve our constitutional problems. How? That it will end constitutional demands and threats? With what shared vision, what common purpose, what mutual respect? Certainly not anything that is in the final document as it now stands.

In other words, at this critical moment in our affairs, we must realize that while we are all sick to death of the constitutional debate, it is not over no matter what we do. There is no magic out there. No one on the political scene today seems to have a view of the country that can bring on that widespread self-confidence that is the only real source of unity, the only way of tapping the vast resources of energy and enthusiasm so many of us feel but somehow are unable to let loose for our country.

We have to keep trying. Somewhere down the road we will find the better times and the better leaders to do the better things. For the moment, what matters is not just to work for beneficial results on October 26, but also vigilantly to keep a careful discipline on the claims made for dealing with the results afterwards.

Hon. Joyce Fairbairn: Honourable senators, I want to speak in favour of this motion which would permit Canadians to vote in a referendum October 26 on the Consensus Report on the Constitution which was reached in Charlottetown, August 28, between the Prime Minister, the ten provincial premiers, the two territorial leaders and the leaders of the four main Aboriginal organizations in this country.

Indeed, a referendum has been on the constitutional agenda of the Liberal party for over a decade, and particularly in the proposals set out by Mr. Chrétien over the last two years, so that all Canadians could cast a vote on changes to the fundamental document of Confederation. Only now has this government been convinced of the viability of the referendum as an instrument to be used nation-wide, and this is a welcome conversion.

I was also pleased to hear Constitutional Affairs Minister Joe Clark say last week that the referendum must be supported by a majority in each province in order for this deal to move ahead.

This referendum vote, risky though it may be, will clarify in our minds what the people in this country think and not what the politicians or the journalists say the people think. Certainly we have differences of opinion and levels of frustration. Our diverse population, our geography, our scattered resources, even our weather, make that inevitable, but those differences are a far cry from a desire to divide our country.

Canadians in weeks ahead will hear reasoned and passionate speeches on both sides of the referendum question. They will also, given the time and opportunity, be able to read the Charlottetown agreement. Our responsibility as legislators is to do the same. We must tell Canadians what we think about it. We must ask the questions we think are necessary of those who finalized the deal. Canadians will be listening for those answers.

The document forming the basis of the referendum question is complicated and the changes it proposes are major. They include an elected Senate, which I will discuss in a moment because we are the Senate and are all acutely interested in that part of the agreement. At long last there is recognition of the inherent right of Aboriginal self-government within Canada, an historic move forward for our first citizens, and one which has been a major objective of my party for the last several years.

● (1550)

There is recognition of Quebec's distinct society as defined by the reality of its French-speaking majority, its unique culture and its civil law tradition. The objectives of a social Charter and an economic union will be enshrined in the Constitution, while at the same time there is failure to move ahead on

the important issue of the common market and the removal of trade barriers between our provinces. There is a redefinition of the use of the federal spending powers in areas of provincial jurisdiction which has raised questions of too little, too much or unequal, particularly in terms of manpower retraining.

There are changes to the amending formula which would require unanimity for future alterations to the Senate, the House of Commons and the role of the Supreme Court of Canada. There would be a return to the pre-1982 rules for admission of new provinces through bilateral negotiation between the federal government and the territory involved, an issue which may not attract much attention here in the south but one which is of critical and sometimes passionate concern to northern Canadians.

There is a Canada clause which commits Canadians and their governments to the development and vitality of official language communities throughout Canada, and which commits Canadians to the recognition of racial, ethnic and gender equality.

There are positive elements in this agreement. There are also disappointments. I do not think it is wrong to speak out about those disappointments. As a survey last week for the Toronto *Star*, CTV, *La Presse* and the Vancouver *Sun* made clear, Canadians will not tolerate a referendum campaign that is simply geared to politics of fear which would define degrees of patriotism in its citizens.

This agreement was forged after substantial and painful efforts at compromise by all the participants at the negotiating table. It was an honourable effort. We must talk about the substance of the agreement as it really is and not surrounded by expansive rhetoric which can only lead to disillusionment. That does not mean that the impact of the agreement will be lessened. It does mean that Canadians will be able to form opinions based on reality. Nowhere does this apply more clearly than in our discussion of the Senate which, once again, was a dominant factor in whether an agreement was to be forged at all, as was the case back in 1867.

The proposed new Senate, honourable senators, is not a true Triple-E Senate. This is not the Senate that Don Getty really preferred, or Clyde Wells, or Robert Bourassa, or Bob Rae, or any of the other premiers. It is not the Senate that Brian Mulroney preferred. It is not the Senate that Jean Chrétien or Audrey McLaughlin preferred. It is not the Senate that Westerners preferred -- certainly not this Westerner. My colleagues tell me it is not the Senate that Atlantic Canadians preferred.

What kind of a Senate will this be? Will it work? What can we do to give it meaning? Believe me, I have thought a lot about this in recent days, as I am sure all honourable senators have. I have thought about it against the background of a strong desire of the people in the provinces of Western and Atlantic Canada to have greater influence in the national decision-making process. I have thought about it from the general point of view of most Canadians that modern legislative institutions in this country must be accountable and credible through election.

[Senator Fairbairn.]

I have always believed that that criterion has to be the first major step of Senate reform—that Canadians, not Prime Ministers and not Premiers, must be able to choose their senators and get rid of them if they do not measure up.

This agreement sets out the basis for Senate elections, even though the negotiators were not bold enough to do it straight and clean. Instead, the provinces may decide how those elections will be carried out—by the people or through the legislatures, as Quebec has indicated it intends to do in the beginning.

I believe that the legislature route will be shortlived, primarily because the people of such a province will force change through their political system, as happened in the early part of this century in the United States. They will insist that they be allowed to make that choice and not the government of the day through its legislative majority.

Senators are to be elected during a federal election—certainly not my preference. How they are to be elected is not specified.

Honourable senators, in my view our negotiators did Canadians a great disservice by failing to produce a model which clearly would provide election by proportional representation. We now have bitterness growing across this country over the issue of gender equality and the potential establishment of legislative quotas in some provinces and not in others. In my view, that is not the way to proceed.

Women are dividing over the restrictiveness of equality quotas versus the need to have some concrete political means of breaking down the barriers which keep women outside our legislative chambers. Proportional representation would have offered that chance, not just for women but for minority groups as well. Perhaps there is still some hope in this area as provinces consider how they will go about their elections.

We will have a precisely equal Senate, province by province. That was a principle which some premiers such as Mr. Getty and Mr. Wells held to be greater than any other principle in Senate reform. Everyone knew that equality would be at the expense of some effectiveness, but not that equality itself would be qualified.

Right off the mark, the larger provinces gain in the House of Commons what they lost in Senate seats, plus a guaranteed 25 per cent of Commons seats for Quebec. Some adjustment was made for British Columbia and Alberta as areas of population growth.

The increased numerical dominance of central Canada in the federal Parliament is clearly evident to people in Western and Atlantic Canada, and that fact undercuts any extravagant claims for substantial legislative influence in this equal Senate.

Having said that, this proposed Senate would not be an ineffective body, and I do not intend to depict it as such. First, senators would have influence on government through the very fact of their election by a vast number of voters. There is no doubt in my mind that this influence would grow as the new system became established.

Second, the veto over tax policy changes related to natural resources is a real power. Rarely would it ever be tested here, but it would be there as a constant reminder to governments of the potential veto in this area.

Third, the double majority required for legislation affecting the French language and culture is a real power, which makes it even more important in my mind that all senators be elected by the people.

Fourth, the Senate will be able to introduce legislation, as it is able to do now, but we rarely do it. I believe an organized effort at initiating strategically focused bills by elected senators could take on a new and important significance.

Fifth, the Senate would have a new role in ratifying appointments to senior government positions—which is not yet clear—that have a significant impact across the country.

However, there remains the serious question of all other so-called "ordinary" legislation.

A simple majority defeat or amendment in the Senate would trigger a joint parliamentary sitting process where the issue would be decided by a simple majority vote. The same would be true of a Senate bill in the House of Commons.

With a 337-person House and a 62-person Senate, it is hard to find a permutation or a combination under which the Senate view ever would prevail.

Honourable senators, I think our negotiators just ran out of steam when they got to this part. It does not make a lot of sense, except to those who admit that they succeeded in ensuring that senators could not overrule the House and produce messy situations for the government party.

I suggest that this was a serious misjudgment, but there will still be an opportunity to adjust it. Parliament itself must define the procedures, not just of the Senate but the process surrounding the operation of a joint sitting. How long would it take? When would it occur? How would it be organized? When would a vote be called? I suggest our Parliament can ensure a measure of balance in legislative influence for this new Senate if the will is there to do it.

Canadians certainly want changes to be made, and they want this atmosphere of constitutional crisis to end. With their instincts and their hearts, a majority of citizens all across this country want to vote for the unity of Canada. Yes, the process of negotiating the details of this umbrella constitutional agreement will go on between governments. It always does. It is a part of the process of governing in a federation such as ours.

Honourable senators, in the last seven years I believe we have been pushed down a path which has already led us beyond the status quo. We cannot simply stop this process and start it up again at some distant day in the future without serious consequences.

Our country has been strained to the limit by these debates. A referendum defeat, in my view, would not produce a moratorium. It would produce, perhaps, irreconcilable division in Canada between provinces and between peoples that would have critical consequences for the economic and social health of our citizens who live, work, and raise their families on this magnificent territory. That truly would be a tragedy.

In spite of some of my reservations, I can only conclude that our country itself needs a victory in the referendum so that we can focus on the tough priorities affecting the daily lives of Canadians. We need to be able to think and plan with confidence for a secure and productive future in a united nation.

Because of this conviction, I support this motion. I will campaign for the agreement wherever I can be useful. And I expect all parties in this Parliament will fulfil their responsibilities to make the creative adjustments that will allow a new order of governing to work for Canadians.

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, I am one of those who is not too enthusiastic about a referendum as far as it concerns our country, because it simply is not an integral part, or even a normal part, of the Canadian political decision-making process, unlike what we find in other countries such as in Switzerland and in many states south of us. Many can remember the referendum in Colorado on the Denver Olympics and the famous Proposition 13 in California. Ballots in many states this November will have questions on various issues.

However, this is not a normal process in this country. As a matter of fact, this will only be the third consultation of this sort. The first was on prohibition, and the result was so inconclusive that the then-Prime Minister, Sir Wilfrid Laurier, decided to let each province settle the matter individually.

The second was on conscription in 1942, a very divisive event in our history, a time when the country was already divided over the extent of its commitment to the war effort.

At the provincial level, we have had a number of referendums: For instance, the one in Newfoundland on joining Confederation in 1949; and of course, the most recent one in Quebec which was also very divisive, as Senator Chaput-Rolland has pointed out. I know families who are still affected by the tensions of that time. In particular, I know of one Quebec MP and his brother who have not spoken to each other ever since. This, I fear, is not an isolated case.

Quebec, historically, has constantly striven to protect its identity through the full exercise of the constitutional powers available to it. This is not a recent phenomenon. As a matter of fact, it goes back some 100 years when Honoré Mercier became premier of the province. Alexandre Taschereau, who was a dominating figure in Quebec for the first three decades of this century and premier during much of the 1920s and 1930s, had a constant preoccupation with the encroachment of

federal jurisdiction, whether perceived or actual. Maurice Duplessis spoke of provincial autonomy based on a strict interpretation of the BNA Act.

[*Translation*]

Jean Lesage followed this with "Maître chez nous". Daniel Johnson's slogan was "Equality or independence", and we find much the same sentiments today in the words "distinct society".

My point is that Quebec's priorities, aspirations and well-founded concerns are not brand new, and I think we should remember that today. Whatever the outcome on October 26, Quebec will always be on the alert. And no matter which party happens to be in power, it will always be imperative for that party to protect and promote the vitality of the culture and customs of Quebec society.

[*English*]

The English version of the question that was asked in 1980 reads as follows:

> The government of Quebec has made public its proposal to negotiate a new agreement with the rest of Canada, based on the equality of nations.

By the way, the word in French is "peuples" and "nations" is certainly not an accurate translation of that.

The question continued as follows:

> This agreement would enable Quebec to acquire the exclusive power to make its laws, levy its taxes, and establish relations abroad—in other words, sovereignty—and at the same time, to maintain with Canada an economic association including a common currency. No change in political status resulting from the negotiations will take place without the people's approval at another referendum. On these terms, do you give the Government of Quebec the mandate to negotiate the proposed agreement between Quebec and Canada?

The government at the time chose the option of sovereignty association because the polls convinced it that there was a better chance of winning than if it simply went for sovereignty or independence.

Having read and studied it carefully, I, frankly, could have answered yes to that question, and I said so on more than one occasion. I quickly realized that would have been the wrong thing to do because, each time I expressed my opinion, I was told that I was only encouraging the separatist cause. In other words, the referendum of 1980 quickly turned into a "Canada, are you for it or against it?" exercise, a most deplorable turn of events but, I suppose, inevitable.

Now the question on the Charlottetown agreement threatens to develop into a similar confrontation which, in turn, may well lead to various conflicting interpretations of the result. Is "oui" the same as "yes"? Is "non" the same as "no"?

[Senator Lynch-Staunton.]

I can only hope that those who will be called to lead the debate will resist the temptation to stir up emotions by appealing to patriotic instincts and will, instead, argue the merits of the agreement.

As for the agreement itself, it is not difficult to find flaws in it. It is, after all, the result of a compromise amongst various parties with conflicting approaches and views on a number of key issues.

Of course the agreement is not perfect. Why apologize for that? Who would expect it to be perfect in the first place? Rather than harping on this, Canadians should rejoice in the fact that an agreement was possible, has been arrived at, and has the unanimous support of our federal, provincial, territorial and Aboriginal leaders—not a mean feat in itself.

There are still many questions to be answered. I have some apprehension regarding the election of senators. We are led to believe that some could be named by provinces and others would be elected. I am uncomfortable with the concept of a double majority. I have difficulty in reconciling two elected houses functioning efficiently in a parliamentary system. I wonder at the meaning of "self-government".

But these and other preoccupations will not dissuade me from voting "yes". The question we are asked to answer refers to a renewed Constitution on the basis—and I emphasize the three words "on the basis"—of the August 28 agreement. I interpret this to mean that, once approval is given, the final text will build on the consensus. No doubt clarifications and even changes will take place along the way, but the main thrust, as expressed in the consensus, and hopefully approved by a majority of Canadians in all provinces, will remain.

The whole history of Canada has been that of daring, of a daring people. Canadians dared to build a country when few would even have tried. The first explorers, the traders, the surveyors, the builders of the railroads, the great waves of immigrants—all was done in a daring way, as more often than not they were going into the unknown with very little but hope.

Canadians dared again in 1867. Once the BNA Act initiated a new relationship between the provinces, things did not go smoothly—far from it. The last 125 years have been marked by a series of changing relationships within the federation, of new definitions, of revised sharing of responsibilities and dividing of jurisdictions, always in an evolutionary sense, for Canadians are a people who profoundly believe in evolution, not revolution.

Now we are called upon to express ourselves collectively on the latest phase of this evolutionary process. Canadians are asked to dare again, to confirm an agreement which, despite its flaws and imperfections, nonetheless represents significant progress in the search for even more harmonious relations between all Canadians.

In voting "yes" on October 26, Canadians will contribute significantly toward this end and the rest of the world will

look on in envy as what is known to be the best country in the world becomes even better.

Hon. Edward M. Lawson: Honourable senators, my remarks will be very brief in the interests of time and trying to avoid repetition. At the outset, I want to congratulate Senator Everett on his comments dealing with western alienation, the issue of francophone voting and the effectiveness of the new Senate. I identify with and adopt his remarks as my own in the interests of saving time.

In trying to avoid being caught up in the wave of emotion and "bad Canadian-good Canadian" and "better a bad deal than no deal", and so on, I have tried to examine this question as I would a major labour contract that I was going to try to sell to the membership. If I took this agreement in this form, with the absence of all the detail, to the membership, before the meeting was over they would run me out of the hall and, at the earliest opportunity, would throw me out of office.

To add to the confusion, I find it difficult to understand that an option in an effective and elected Senate would be gender equality. I understand that this is a platform or a plank in the federal NDP policy, but does it really belong as an option here?

I read with interest Senator Carney's comments in the Toronto *Star* the other day. She said:

> I would not want to run from a women's list of Senate candidates, as B.C. Premier (Mike) Harcourt has proposed. I've always run in British Columbia as a person, and I have won my nomination against men and women and I have won my elections against men and women. And I hope when the new Senate is elected, British Columbians will have the same opportunity to do that . . .

Premier Harcourt has stated that he wishes to have 50 per cent of the seats for British Columbia reserved for women and 50 per cent reserved for men. I do not like that idea because it is a quota system and a quota system is unfair not only to women candidates but also to voters because it limits their participation to a certain number of seats and limits their representation on issues.

Premier Harcourt did say that about ten days ago. A few days later he said that if you voted "yes" on the referendum, it was giving him a mandate to impose gender equality. A few days later, because of the hostility and anger of the population, he said that that was not carved in stone and did not necessarily apply.

After their retreat last weekend, one of the lady ministers announced that it was a done deal, that there will be gender equality. A few minutes later, Premier Harcourt announced that he was the premier and it was not a done deal.

Now that we have that clear, we can get on with the vote.

If they were going to make this an option in the Constitution, why did the premiers and Mr. Clark not have the courage to go all the way and have true gender equality? Why did they not limit the voting for lady senators to women only and for men senators to men only? Some would say that sounds ridiculous. Perhaps it is, but is it any more ridiculous than the following scenario of what could happen?

We have an election on a particular date to elect six senators for British Columbia. Let us assume that the first three elected—one, two, and three—are new senators, men, and the next three are used senators like Perrault, Austin and Lawson. We are elected four, five and six. During the victory celebration Premier Harcourt walks in and announces that those who were elected four, five and six are to be replaced by those who were not elected but ran seven, eight and nine. The Premier then appoints them in our place, to be part of the new elected Senate.

I agree with Senator Fairbairn that during the negotiations someone ran out of steam.

I know that what Senator Pitfield and others have said is true, that there is a lot of tiredness amongst the population, that they want to get this deal over with and to get on with the Prime Minister's promise to deal with the economy and so on. However, I have attended a number of conferences in British Columbia. It may be because we have so many "hot-liners" talking about it, but the fact is that we have a very well-informed population that is very angry and think this is a bad deal, not only for the West but for British Columbia. They believe that we were badly out-negotiated. Whether that is our fault or the fault of the entire committee, I do not know. They believe that we are not fairly represented by the number of seats we were given. They believe it was a wrong decision to solve the problem of Western alienation by giving a greater concentration of power to Ontario and Quebec. There is considerable anger and hostility and they are going to be good and courageous Canadians and many are going to vote "no".

Unlike a bad labour contract, which you can renegotiate two or three years later to correct your mistakes, it appears that this deal will run longer than that. It may run forever, or even longer than that if we cannot agree on what "forever" means. So it is going to be very difficult to make those kinds of changes.

If I went into negotiations saying, "If we have any grievances or problems, we will resolve them with 337 management representatives and 62 of us, and we will take a majority decision to resolve your grievances in the future," they would probably go for a butterfly net and check whether I was certifiable.

There is a lot of anger and hostility. Surprisingly, there are an awful lot of Canadians who know what is going on here. I have recently attended two major functions involving large groups of people, and one of the groups was largely composed of Conservatives. Not one person there said they would support the referendum. One of the reasons they gave was that this new chamber will be far less effective than what we presently have. I think that is true. We have been totally emasculated. It will be totally ineffective and the people of Canada are aware of it. I do not accept that you are a bad Canadian if you vote "no". Being a Canadian means having the courage,

if you see a wrong, to right it. It means that if you see something outstanding that needs to be corrected, you stand up and speak about it, and I think that many Canadians will. I do not accept that this is our only chance, that it is better to have a bad deal than no deal. I support the idea of a referendum. I have great difficulty voting "yes" for the package as negotiated. I would want a lot more detail and a lot more information; only then could I, like other ordinary Canadians, make a reasoned judgment on this question.

• (1630)

Hon. Peter A. Stollery: Honourable senators, I wish to say a few words on this motion. I spent five months on the constitutional committee, and I was a reasonably faithful attender. I was one of those who signed the Liberal position on the Senate and on other matters.

When I received the Consensus Report on the Constitution the other day, I found it unusual that we had just spent $25 million studying the Constitution, holding large conferences and consulting with thousands of Canadians across the country; but though there are quite a few points in this document, I do not see any of that work referred to.

As I recall, the Prime Minister said when the Beaudoin-Dobbie committee report was released that it was perhaps the best report that had ever been received in Parliament. He had nothing but very extravagant, good words to say about the substance of that committee which, as I say, cost the Canadian taxpayers $25 million and took a lot of work by the participants from all parties going around the countryside trying to resolve these thorny issues.

To my surprise, when I read through the Consensus Report on the Constitution and reach the end of it, I notice that there are fourteen issues which we dealt with in the constitutional committee that are not dealt with in this report. Fourteen issues which we resolved were left unresolved.

At the end of it then, I see another six issues that they claim to have discussed, one of which is extremely important involving the notice of change to federal legislation respecting Established Programs Financing. That was something that the joint committee took very seriously because, as you know, the federal government is accused of unilaterally cancelling programs in which it had previously participated without giving proper notice to provinces. I was surprised when I saw that that issue had been discussed, but even though this is a provincial document put together by provincial premiers, the issue was not resolved. Yet it was the provincial premiers who had been the most preoccupied with the question of the federal government changing Established Programs Financing without proper notice.

As I look through this so-called "Final Text" from Charlottetown, which is far from final, I see that it is the basis for an agreement, but that very few issues have been settled other than the issue of the three federal institutions. If the decision in the referendum is "yes", then the people of Canada have

[Senator Lawson.]

authorized changes in their principal federal institutions: The House of Commons, the Senate and the Supreme Court.

It seems to me that those changes legitimise, in the way that they are presented, the old compact theory of Confederation which has been discredited for so long. The argument made at the end of the 19th century was that Canada is, in fact, a compact between provinces and that the sovereignty of states, contrary to what Sir John A. Macdonald said in 1865, is paramount. That is the position endorsed in this document, if the people of Canada agree.

The implications for future constitutional change—for example, residual power, which was of such concern to the Fathers of Confederation and which is not dealt with in this document —will then be dealt with by the premiers because this will legitimise the fact that they are the real Fathers of Confederation. This is the notion of executive federalism. The premiers will have successfully usurped the power of Canada, and the next power they will be after will be the residual power, because that is really the essence of Canada; residual power being the difference, as Sir John A. Macdonald pointed out in his great speech, between what the Fathers of Confederation decided was needed to avoid the American problem of the sovereignty of states. That is really what is dealt with in this report.

Honourable senators, Senator Kenny made an extremely valuable observation—and others have been made this afternoon—that more time should be given to Canadians to reflect on the implications of this fundamental change in the Canadian Constitution, the way Canada is constituted, and who constitutes Canada. Of course, if the "yes" vote prevails on October 26th, there will have been a massive revolution in Canada, and I hope that Canadians have time to understand that that is what this is all about.

Honourable senators, I do not have any more to say at the moment other than that I will be supporting the approval of the text of the referendum question. Though I think the time is short, I do also have great faith in Canadians.

• (1630)

I realize I may be contradicting myself, but I believe that whatever decision they arrive at will be a sound one. Even though the time is short they will see through, as people always do and always have, any attempts to take them in a direction in which they do not want to go.

One of the most valuable contributions to the process by the constitutional committee was the creation of the five conferences. Many people with different views, representing a cross-section of Canadians, attended those conferences and I certainly came away from the conferences convinced that, no matter how they were structured —and I had some questions about the structuring—their views could not be suppressed no matter how clever the attempt at suppression. Canadians want first to feel like Canadians.

I live in Ontario but I am not, first, an Ontarian; I am, first and foremost, a Canadian. My country is Canada. I left those

conferences feeling more cheerful than I thought I would because I realized that the others who had attended also felt like Canadians. On October 26, they will be looking at this series of proposals, this mixture of legal and nonlegal proposals, with a very practised eye. I think they will reach the right decision.

Hon. B. Alasdair Graham: Honourable senators, "there is no wisdom like frankness", said Benjamin Disraeli a century ago. I hope I can comply with this worthy counsel. I believe I have tried to do so for the 20 years I have spent in this chamber.

Last Friday I spoke in the Senate about a panel I chaired on United Nations peacekeeping the previous weekend in Mainz, Germany. I told honourable senators that it was a cause of some reflection on my part, a reflection on the kind of country I want Canada to be, a reflection on why we had developed a pathfinder role in this area. I referred to General Lewis Mackenzie's remarks when he pointed out to me, on his return from Sarajevo, that every country in trouble takes note of the Canadian telephone number and says, "Hey, we would like you to come and help out here too." I pointed out that when our brother calls and asks us to help out as his peacekeeper I confidently expect that the response will be yes. I said that I expect Canadians will do that because they realize peace is a process, and we as Canadians must keep that process on track.

Oliver Wendell Holmes once said that the great thing in this world is not so much where we are but in what direction we are moving. These are words I cherish as a Canadian because national unity, like peace, is a process. We must work hard to keep that process on track. In fact, we as Canadians do have the privilege of working overtime in the service of our special community, in the interests of our compassionate northern democracy.

Canadians as a people have rejected the status quo as their master. Something new has been created here but the struggle is unfinished. I see this as a source of optimism and a source of challenge. I have always believed it to be impossible to set boundaries to the Canadian spirit.

As I flew home from Europe last week, I witnessed the geographic symbolism of our unfinished struggle as a people. From the air the coastline of this great country seems almost reluctant to relinquish control to the Atlantic. The land itself is locked in a perpetual struggle for dominance with the sea. The struggle is unfinished. Water, lakes, ice, the Laurentian Shield, the prairies, the Rockies, all are locked in a struggle for supremacy as the traveller proceeds through the vastness of Canada. We remain as pioneers to many. How else can it be? To the aerial traveller it appears to be merely circumstance which cements this thin strip together north of the U.S. border. Canadians know differently. They have rejected the status quo in favour of an unfinished struggle. They have decided that the direction in which they are moving is more important than where they are presently.

For the Europeans I spoke with recently, there is a sense of genuine concern and wonderment about the present state of our union. Many of them are aware that our experiment in nation building has lead to a functioning multicultural federation. It has become a source of encouragement to those who wish to build a European community, a common house from the Atlantic to the Urals. They look to us for encouragement. We have built such a common house from the Atlantic to the Pacific in the Canadian way. We have demonstrated to the international community that nation building is, indeed, a daily act of will. We have demonstrated there are no boundaries to the energies of our people. As D'Arcy McGee pointed out in Halifax in 1864, "Only those who have a vested interest in their own insignificance have opposed our union".

So Europeans say with concern, many of them fluent in five or six languages—a source of joy and challenge to them, not of fatigue—"We read that you are suffering constitutional fatigue; that many of you will do anything to put an end to your unfinished struggle. We hear and read that Canadians are tired of the process of nation building. Such a disappointment", many of them said to me. Canadians are known to be global adventurers, scornful of marginality; a country whose institutions are the envy of the world.

Canada has been known as a common house whose foundations rest in responsible radicalism. It is a special kind of place; yet, today, many pioneers in the international community look to us for counsel on the parameters of democratic pluralism. They look to us for blueprints by which to build psychic bridges across Europe from a nation whose engineering feats in their construction are legendary. Instead, they hear that Canadians are tired; they suffer constitutional weariness. But most of the world's population would give anything to trade their problems for ours.

In Atlantic Canada it goes without saying that times are hard. Our human resources have been marginalized. It is the marginalization of our resource which is the fundamental tragedy of our time. Poverty frequents the once proud communities of Atlantic Canada. It has become a generational problem. Too many younger people have lost the tools they need to make things happen, to make change happen. For too many Canadians these tools are rusting away. We are a nation whose statistics speak of underinvestment in productivity—in economic productivity, and in social productivity. The statistics speak of our humiliation. Unemployment stalks the land unimpeded, particularly in my part of the country. The confidence of our people —the collective will of our people to continue—is sapped.

• (1640)

With this in mind, like many other Canadians I am mindful of the imperfections of the Charlottetown accord. I am concerned about the potential threat to minimum national standards in areas such as medicare, day care and the like presented by this prospectus, by this general agreement. I know that the relevant amendments remain to be negotiated. However, I am alarmed at the implications presented by the spending power provisions.

I am not alone in these concerns in Atlantic Canada. I am equally worried about the potential transfer of jurisdiction over manpower training and labour market development to the provinces. Self-administered, poorer regions could become low-skill labour ghettos, inimical to the interests of Atlantic Canadians. The implications for Canada's poorest provinces are clearly enormous.

Let me look briefly at the Triple-E. The trendy alliteration has been almost hypnotic. It obscures the fact that there is very little substance to most of the "E"s. The Charlottetown deal will provide for a new Senate which is as unequal as it is ineffective, and as it is at core unrepresentative.

Allow me to begin with the procedures for election envisaged by the agreement. I do not think that anyone in this chamber is unaware that provincial governments can control the election process. The Senate, it is anticipated, will become an antechamber of rampant partisanship—an antechamber of differing classes of senators rather than a chamber of sober second thought.

I am on the record as being a solid supporter of an elected Senate. However I am concerned with the elected Senate as proposed. I think it must be remembered that while the Senate has always had a regional role, senators were meant to represent their regions or their provinces and not their provincial governments. I throw out a word of warning in this regard. We must exercise vigilance in introducing congressional and confederal elements into the Canadian parliamentary system. We must, as a people, think this aspect through with care.

I am equally persuaded that the Charlottetown proposals will not in any fashion lead to a more effective Senate. To begin with, I would like to remind those who wish to reform the Senate for reform's sake that there is much considerable testimony that the Senate as presently constituted does perform useful and necessary functions as a legislative chamber. It is also worth remembering that the senators themselves have, in the past, attempted to reform the Senate in very useful ways. However, the time and circumstances were never right.

We are now told that the Senate should become a protector of minorities and regional expectations. I am fully in support of such a legitimate role for the Senate. But the Charlottetown deal does not confer such a role on the upper chamber; indeed it arguably threatens the useful functions now carried out in the Senate.

There is a temptation for reformers to make the best the enemy of the good. Canadians must be warned that there is very little effectiveness for a new Senate in the proposed agreement. There is very little equitability in it either. The deal ensures the dominance of the centre in the Canadian Confederation. With the new composition in the House of Commons, the Charlottetown numbers game guarantees the perpetual subordination, in my opinion, of Atlantic Canada in federal decision-making. Therefore I ask the citizens of Atlantic Canada to be vigilant in these times.

[Senator Graham.]

I do not want anyone to misunderstand my position. Who can say "no" to a request for a referendum? I am not asked to debate the Charlottetown package here at present. I am asked to say "yes" or "no" to an issue involving the Canadian people as vital agents in constitutional change—in fact, as agents of last resort. I say "yes" to this. And when October 26 comes around, I will say "yes" again. I will do so because national unity is a process and we must keep that process on track.

I do not see this as a national exercise involving winners and losers. If that were the case, Nova Scotia would be a loser, except that we would be out of the constitutional quagmire for a long time. We want to get on with the business of government, because times are hard and the challenges of an age of globalization are great.

I do not see this as a national exercise involving renewal or decay. I ask only one thing of Canadians: I ask them to exercise vigilance in their choice on October 26 and reflection and perseverance in ascertaining their vote. For the issue is not simply: Do you love Canada? The issue is whether we are prepared to work overtime in an unfinished struggle. Canada is a nation state in constant transition. It is a daily act of will. We must ask ourselves if we are prepared to be late for dinner in the service of our country, in the service of constitutional peace. I believe the answer will be "yes", for that again is the Canadian way.

Hon. John B. Stewart: Honourable senators, where they have been used, constitutional referendums have been intended to prevent executive governments and also legislatures from having a monopoly of constitutional change, and also to provide legitimacy for constitutional amendments.

We are being requested by the government to approve the text of a referendum question to read as follows:

> Do you agree that the Constitution of Canada should be renewed on the basis of the agreement reached on August 28, 1992? Yes—No.

This request by the government puts three related questions to the Senate. First, is this the right time to hold a constitutional referendum? Second, is it desirable to promote the constitutional amendment package forecast in the Charlottetown accord? Third, is the wording of the referendum question the appropriate wording?

The government says "yes" to all these questions. And it now asks the Senate to give the same response to each of those three questions. It asks us to say "yes" not to one question but to three questions.

Perhaps what I am about to say next will reveal my background. I will ask what rules should be followed by a government in launching and conducting a referendum when that government wants an affirmative response from the people? The first rule is that the question ought to be neutral. The question ought not to be loaded by the spin doctors, because there is a risk that the members of the electorate will vote "no"

in protest against the insult implied by the spin on the question.

Second, the question ought to deal directly with the substance of the proposed amendment. This means that a referendum question ought not to deal with a complex package of amendments. The risk of asking for the support of a package of amendments is that the entire package will be rejected because of the inclusion of one amendment or because of the omission of some other amendment.

● (1650)

For example, in the present case, many voters in Nova Scotia and Western Canada may vote "no", not because of their attitude towards Quebec, but because the new Senate will produce a result diametrically opposite to the result that was sought. Again, many voters may vote "no" because, with regard to language and culture, half the francophone senators will be able to veto a decision of even a unanimous House of Commons and all the other senators. We know that if a majority does not vote for any motion, that motion does not carry. A tie is not sufficient to carry a motion. Again, many will vote "no" because the package does not entrench rights for specific groups such as the disabled. There is a risk that many people will vote "no" because of these and many other defects of inclusion or omission.

Another rule is that any amendment for which approval is sought in a referendum ought to be in its final terms. If what is approved is only a vague outline, an outline to be put into final terms later, there is a risk that legitimacy, which is one of the purposes of the referendum, will not be gained. On the contrary, there is a serious risk that the amendment, when finally made, will be regarded as illegitimate. People will say, "That is not what I voted for." Again, any referendum message that a government wants to have carried ought to be carried by popular messengers. Otherwise the message, regardless of how good it may be, may be rejected because the messengers are not persona grata.

Another rule in promoting an amendment in a referendum is that a government ought to avoid advancing ulterior reasons for voting "yes". The clear implication of the use of ulterior reasons is that the amendment cannot stand on its own merits. I was reminded of the importance of candid speech on public matters by what Senator Doyle said so eloquently today when he spoke about the late Bruce Hutchison. What would Hutchison have said about some of the ulterior reasons that are now being put forward in support of the proposed amendment package to be voted on in the referendum on October 26?

For example, we are told, "Say yes and Canada will enjoy constitutional peace for 50 years." But when we look at the text of the Charlottetown Accord we see that five or ten years of constitutional battles are inevitable. Then we are told that if the constitutional accord achieved at Charlottetown is approved on October 26, we will be able to get on with making the economy move again. "Just put this package behind us on October 26 and there will be jobs, jobs, jobs." Senators, there is a grave risk that such ulterior reasons zealously advanced will plant the shrewd suspicion that the amendments proposed in the referendum are defective.

Another rule is that in promoting an amendment in a referendum, the government ought to avoid heavy expenditure, especially when many citizens have no money. Such expenditure is liable to arouse hostility, hostility that will bring forth a "no" vote in the referendum.

Now, senators, add up the risks of breaking these rules, and add to them any other risks that come to mind, and the conclusion must be that the proposed referendum on October 26 may fail. I am compelled to conclude that the referendum proposed by the government for October 26 is both ill-conceived and fraught with desperate risks.

I do not believe that the Prime Minister intentionally contrived the political and constitutional situation in which Canada finds itself today. Why did the government decide to propose the enactment of an act to provide for referendums on the Constitution of Canada? That was Bill C-81, a bill which received Royal Assent on June 23, 1992. I think we know the answers. First, it was known that the government of Quebec was committed by law to hold a referendum on sovereignty on October 26, 1992. Second, it was anticipated that a consensus of the premiers and the other negotiators, a consensus acceptable to the government of Canada, could not be achieved. Taking these two points into account, the government of Canada wished first to be able to propose its own set of constitutional amendments before the Quebec referendum, and second, it wished to be able to give its proposed amendments legitimacy and weight by means of a successful federal referendum.

What happened? Well, early in July, the Prime Minister left the country on important public business, and while away he lost control of the constitutional amendment process. On July 7, 1992, the premiers, with the cooperation of Mr. Clark, came up with their own scheme, a scheme which Mr. Clark said could not be substantially changed. Listen to that. "Prime Minister, you cannot change this scheme substantially." Thereafter, the Prime Minister and his cabinet colleagues were tied to that scheme by the bonds of collective responsibility. They had lost the initiative.

Why were the premiers able and willing to come to an agreement in July? First, they wished to maintain and to promote the unity of Canada. Second, and notice this, they wished to avoid the creation of an effective Senate such as had been proposed by the Prime Minister and his colleagues in September 1991. Third, the first minister of Quebec and perhaps others were anxious to avoid the popular election of senators.

● (1700)

Put together the desire to avoid an effective Senate and the desire to avoid the popular election of senators in every province, honourable senators, and we understand why there had to be provincial equality in the Senate. At least one element of the constitutional trinity —the Triple-E—had to be retained and the element that was least threatening to the premiers was

equality. That is why the premiers dealt with Senate reform as they did.

Then the next step was that Quebec, perhaps understandably, could not agree to an equal Senate without gaining what could be defended in Quebec as adequate compensation. Accordingly, there are to be 18 additional members for Quebec in the House of Commons. And if Bourassa is to have 18, surely Bob Rae, too, must have 18.

Naturally, Premier Rae was absolutely delighted. He got 18 additional members in the House of Commons for Ontario in return for the virtual abolition of the Senate. No member of the New Democratic Party had ever imagined such an achievement— the virtual abolition of the Senate and 18 new seats for Ontario. What a magnificent achievement! If we are to have someone negotiate for Canada abroad, put Bob Rae's name at the top of the list. He did a great job for Ontario and the NDP.

This process is how the Prime Minister and most of his colleagues have been trapped. They have been Shanghaied. They have been caught up in an ill-conceived scheme; an ill-conceived scheme from which they cannot escape. They are being swept into a referendum fraught with risks. I suspect they see those risks clearly. That is why at times they lapse into shrill rhetoric.

Where does that leave us in the Senate? To vote in favour of Senator Murray's motion is to vote for a constitutional referendum on October 26. To vote in favour of his motion is to approve the wording of the referendum question. To vote in favour of his motion is to vote for the constitutional changes based on the Charlottetown accord.

Do not deceive yourselves, honourable senators. You are not voting only on the question of whether a referendum with certain words will take place. This referendum is intended to advance the actualization of the constitutional changes set forth in the Charlottetown accord. The advancement of that accord is what you will be voting for, honourable senators.

For example, if you vote in favour of this motion, honourable senators, you will be voting for an ineffective Senate. You will be voting for a Senate that will be nothing but an expensive nuisance. You will be voting for an option that is so bad that it would be better if there were no Senate at all.

Senator Perrault: Hear, hear!

Senator Stewart: It will be to vote that Ontario will have 18 seats in the House of Commons over and above the 99 seats now allotted to it. It will be to vote that Quebec will have 18 seats in the House of Commons over and above the 75 seats now allotted to it. That makes a combined total of 210 out of 337. That is what you will be voting for, honourable senators.

On the other hand, are there reasons why senators should not vote "no"? Yes, there are. A "no" vote here this afternoon may be misunderstood as a vote against Quebec. A "no" vote may be misunderstood as a vote against the aspirations of

[Senator Stewart.]

Canadian Aboriginal people. Alas, a "no" vote may be misunderstood as a vote for the present unreformed Senate.

I say that this referendum proposal is highly risky. It is a venture into shallow reef-strewn waters. The government decided early in July that it had no alternative to taking this risk. That is the government's decision. Fortunately for me, I do not have to say that I believe this referendum is wise. I think this referendum seriously endangers the future unity of this country. It does so because it offends against most of the rules I have set forth this afternoon.

Honourable senators, I do not want to play this government's game. I will abstain on this motion.

Hon. Finlay MacDonald: Would Senator Stewart clarify for me a couple of his remarks?

Senator Stewart: Certainly, if I can.

Senator MacDonald: I have never heard that a "yes" vote means constitutional peace, Senator Stewart, which you just said it does. I understood that this was a continuing process, something referred to by Senators Graham and Fairbairn. Where did the honourable senator get the idea that we would have constitutional peace if we have a "yes" vote? That is my first question. I have others.

Senator Stewart: I have heard it said, and I do not have texts here before me, that the people of Canada are sick and tired of hearing about the Constitution. They are distressed at the enormous sums of money that already have been expended on conferences which, as Senator Stollery has said, apparently have had little or no impact at all on the substance of the accord. They want all this behind them. They say, "Let's vote 'yes' and be done with it so that we can get on with the task of making this country prosperous again."

One lady, a very good Liberal lady, by the way, perhaps known to the Honourable Senator MacDonald, recently said to me, "I don't care what's in it. Sign it so that we can have peace and prosperity."

Senator MacDonald: Senator Stewart, you have given ways in which a "no" vote may be interpreted or misinterpreted. My question is not exactly hypothetical, but would you give us your opinion as to what would happen in the tragic event that a "no" vote—clear and absolutely unambiguous, carries the day on October 26? Can you give us some idea as to what you think the consequences might be in that case?

Senator Stewart: Honourable senators, I could guess, but let me remind Senator MacDonald of what Senator Castonguay said last night. He described in ominous language what would happen if Canadians outside Quebec vote "no". I say this referendum risks that outcome because of all the mistakes that this government has made in bringing on this referendum in this way at this time.

But when Senator Castonguay was asked by Senator Molgat what would be the consequences of a "no" vote in Quebec,

what did he say? He ducked the question. Now, Senator Castonguay is from Quebec. He is in a far better position to deal with that question than I am. And if Senator Castonguay feels that it is desirable to evade the question, I cannot see why I should attempt to forecast the result of a negative vote in Quebec on future developments in Quebec.

Senator Perrault: Is this Question Period?

Senator MacDonald: My third question would be: What happens if there is a resounding "yes" vote and all of the information, all of the legal texts still have to be dealt with? Because I can pick as many flaws in this accord as anyone in this chamber. However, I really do not see the purpose in doing it. I admit that it is natural that it would arise in a motion just strictly on a referendum question, but we would still be in the position where we would have, as Churchill said, "Rah, rah, rah", instead of "War, war, war". And that is the question I am putting to you in your abstention.

Senator Stewart: I cannot say confidently that I understand the question, but I think I have an intimation of what the senator is getting at. I argued—and, if I am wrong, I hope that someone will not just say so, but will demonstrate that I am wrong—that the government's plans went awry when Mr. Clark went along with the premiers in July. He failed to fail. And from then on the other members of the government have been caught up in an avalanche not of their own making.

I do not think it is up to me, as one senator, to undertake to try to tell the government how it can, at this late date, get off that slope. Perhaps if the Prime Minister, when he returned from Europe, had said, "No way. We will not be carried along by one member of the government"—Let us remember that Mr. Wilson spoke out and also other members of the cabinet. Perhaps at that point, this derailment might have been stopped by the government without much grief.

But at this late date, I cannot give them a remedy for their plight. I do not think it is incumbent upon me to try to do so. They have the responsibility. Do not apply to me for salve for these self-inflicted wounds.

Hon. Noel A. Kinsella: Honourable senators, if I may ask a question in clarification, I am interested in the honourable senator's argument relating to the Senate as conceptualized in the Charlottetown Consensus Report.

Do you find no element of bicameralism in that proposal? And if you think there is an element, obviously new, can it work?

Senator Stewart: I thank the honourable senator for his question. Let us put aside, first, the question of bills that appropriate money. Senator Everett, I felt, opened up that problem quite effectively.

If we define an appropriation bill as one that requires a Royal Recommendation—sections 53 and 54 comprise the only place in which the word "appropriation" appears in the Constitution now—then the free trade bill with the United States could be classified as an appropriation bill. It appropriated money and was introduced in the House of Commons with a Royal Recommendation.

It may be that the definition of appropriation bills—of money bills, to use language which we have heard here repeatedly—will be narrowed down to include only bills based on Estimates. That takes us to the second category of bills —most of the others. If such a bill is defeated or amended in the Senate, there is to be a joint session of the 62 senators and the 337 members of the House of Commons.

We can anticipate two situations in the House of Commons. There will be the situation where the government of the day will have a good working majority. In that case they can readily out-vote in a joint session even a unanimous Senate.

The 62 senators in a joint sitting might be decisive against a very closely balanced House of Commons, but surely that is precisely the situation in which a second chamber is not required to check the executive.

Insofar as bills that materially affect French language or French culture are concerned, I think we are into some uncertain waters.

First, what is a francophone senator? Is it one who can pass a language test, or is it someone who, although his or her French may be amateurish, genuinely represents a considerable francophone population?

Let us imagine a situation in which there are 12 Francophone senators, five from Quebec, seven from outside. We then have a situation where a tie vote will defeat a motion, notwithstanding that, at the logical extreme, every member of the 337 members in the House of Commons and all the other senators are on the other side.

Let me say two things in conclusion. First, the Senate now projected is diametrically opposite to the Senate that Premier Getty and Premier Wells initially advocated. They lost out in the negotiations.

Second, it seems to me that this proposed Senate, partly composed of senators popularly elected, partly composed of national delegates, with its limited powers, is going to be so insignificant that this Senate will amount to nothing other than a very expensive nuisance. If we must go in this direction, if this is the only reform of the Senate now available to us, let us abolish the Senate and be rid of it.

[*Translation*]

Senator Norbert L. Thériault: Honourable senators, I would like to express very briefly my thoughts and my position on the motion before us today.

As I did during the debate in 1990 on the Meech Lake Accord, I have carefully read everything I could find about the agreement that is being submitted to a referendum.

Today, as usual, I carefully listened to the people who are supposed to be constitutional and parliamentary experts, including Senators Everett, Pitfield and Stewart.

First, I want to express my concerns. I am concerned about the kind of response the question will get from Canadians and especially from Quebecers.

I am concerned that Senator Murray seems to be making a point of asking each Liberal senator, especially, how he intends to vote on the question and that he is taking notes. This worries me—not because because you are involved, Senator Murray—because I get the impression, and I hope I am mistaken, that there is a plan afoot to gather information to play party politics with the referendum question. I think that is a cause for concern.

Senator Murray should know that one the main reasons why Meech Lake was rejected—or at least he ought to know—was that the Prime Minister said, too soon after Meech Lake, that he rolled the dice.

I hope we do not get into a situation where the government or the Prime Minister or Senator Murray say they will roll the dice.

My second concern as a Francophone is the situation in Quebec. As a Francophone outside Quebec, I think it is very important that my Canada should include Quebec. I think we should remember there are people in this Chamber . . . and that Mr. Bourassa himself is somewhat to blame for a situation that is almost 50/50, according to the experts in Quebec today. The reason why today, Bourassa is faced with a Jean Allaire and Mario Dumont and others is that, as I see it, he went too far. These people are right to doubt his sincerity.

That being said, I support without reservations the question Canadians will be asked on October 26.

I do so as a Francophone outside Quebec and as a Canadian. I do so because I believe that the Association des francophones acadiens and the Fédération des communautés francophones et acadiennes reflected the feelings of Francophones outside Quebec in their press release.

Like a lot of other people, I could query all the points raised by those who took part in this debate. I respect the right to raise these points, but I think you could take just about any agreement, just as lawyers could take a legal text and they would be split down the middle on how it should be interpreted.

Because of my background, I have an appreciation of elected representatives at the provincial level as well. When ten first ministers belonging to various political parties with different positions on different issues and with different political philosophies are able to reach a consensus with the Government of Canada, I have to respect that.

There is a tendency among people who have only worked in Ottawa to think that only federal members or members of the federal Cabinet are real Canadians and have the answers to all Canada's problems. That isn't true. Since 1867, Canada has had a system that consists of two levels of government, each with its own responsibilities. Because I worked with a premier for ten years at the provincial level, I believe this premier was just as good a Canadian—and he still is—as any Prime Minister you could see in Ottawa or anywhere else.

[Senator Thériault.]

I hear my friend Senator Stewart, a parliamentary expert, say he is worried about the fact that there will be 18 more members from Quebec and 18 more from Ontario, but what difference does it make to us in the Maritimes? At the federal level, this country has always beem led by Quebec and Ontario, and that is only normal, because they happen to have most of the members. Whether they have 18 more or less is not going to make that much difference. I know a lot of points were raised by my colleagues.

I believe in the new Senate. I say sincerely that if I were 30 years younger and decided on a political career, I would go for the new Senate, because for once, at least in Ottawa, in the central government, in Parliament, I would feel equal with a man or woman from Ontario or Quebec because there would be six senators from New Brunswick, six from Ontario and six from Quebec.

For those who are concerned about the Senate's powers—they may not be all the powers that I would have liked to see—I am convinced that with 62 elected senators, it will not create problems. As an aside, what concerns me is that Quebec is thinking of having its senators elected or appointed by the legislature. I do not believe that will last long, for example, because when the senators from Quebec have served one or two terms here, they will feel the pressure to be elected by the people.

You know, in 1867, almost half the debates on the 1867 accord dealt with the Senate and its powers. At that time, there was an elected legislative council in every province of Canada. The leaders at the 1864 and 1867 conferences opted for an appointed Senate because they thought that an elected Senate or elected legislative bodies had too much power.

Among the quotations that I noted in these discussions, I would mention one by George Brown in 1867 in opposition to the election of senators. He said this:

• (1730)

[*English*]

> . . . It has been said that members of the Upper House ought not to be appointed by the Crown, but should continue to be elected by the people at large. On that question my views have been often expressed. I have always been opposed to a second elective chamber and I am so still, from the conviction that the two elective Houses are inconsistent with the right working of the British parliamentary system . . . [W]hen the elective element becomes supreme, who will venture to affirm that the Council —

—of course, "council" meaning the legislative council that was replaced by the Senate—

> — would not claim that power over money bills which this House claims as of right belonging to itself? Could they not justly say that they represent the people as well as we do, and that the control of the purse strings ought,

therefore, to belong to them as much as to us? It is said they have not the power. But what is to prevent them from enforcing it?

I base my approach to this Senate on this type of philosophy.

Honourable senators, can you imagine six senators elected from Ontario, six senators elected from Quebec—and I hope they will be elected by the people of Quebec—or even six elected senators from New Brunswick? Do you think, if I were one of the six elected senators from New Brunswick and there were ten MPs in the other place, that I would not feel, and rightly so, that I have as much right to speak for my people as those elected members in the other place? It will not happen that way.

While the opponents to this proposed Senate can make a case on paper, I believe they fail to understand the human element in elected people. I am prepared to say that the new Senate will be effective once people have learned to work together in this place. There will be 62 new senators. It is farfetched to say that there will be a government in the other place elected with a majority of more than 62. It will not happen very often. It is farfetched to say that the elected Senate could not be effective, because if the government of the day does not see to it that there is cooperation between this place and the elected members of the other place, they will have trouble with every piece of legislation that comes to this place. The senators will, for 30 days, be able to withhold their consent to every piece of legislation that comes before them. I say this is a much better situation than we now have.

Honourable senators, I have now been in this place for 13 years. I can honestly say that never, in my wildest dreams, did I dream of becoming a senator. I had no interest in the Senate until I was appointed.

Senator Lynch-Staunton: Until there was a vacancy.

Senator Thériault: I am glad I accepted the appointment, because I met a lot of good and experienced people. I admire the ability of those who sit in this chamber, but, as an institution, I must honestly tell you that I never thought the Senate was very effective.

[*Translation*]

I want to be able to tell my children and grandchildren or at least read to them what I said about the debate on this amendment, when they wonder where their father or grandfather was when that decision was being made. I support this agreement. I am in favour of a yes vote in the Senate, and I beg Quebecers and above all I beg the thousands of Acadians living in Quebec to consider their compatriots who are outside Quebec and to consider this country which has been good for Quebec. In spite of what we have heard from the other side of this Chamber in the past few years, Quebecers have come a long way inside Canada. A small group that had practically no power in 1867, has expanded to include five million Quebecers who have a lot of power, a lot of energy and a great deal of influence on decisions that are made in this country.

You know, it really hurts me when I hear so many Quebecers or French Canadians, as we used to say, who are almost ashamed to admit that Wilfrid Laurier, Georges-Étienne Cartier, Saint-Laurent, Trudeau and Mulroney are Quebecers, Quebecers who helped build this country. I hope common sense will prevail on October 26, in Quebec and the rest of Canada.

In concluding, I hope that my descendants will be able to say that when this agreement was adopted, their father or grandfather was there. In fact, I have already started in my part of the country to work with Conservatives, New Democrats, men and women, it doesn't matter. I want Canadians, including Quebecers, to say yes on October 26. It will not end all further constitutional talks. There will be more, because we are a confederation with two levels of government. There will always be some discussions. However, it is time we made up our minds. And I suggest we make up our minds to stand up for Canada on October 26.

[*English*]

Hon. Raymond J. Perrault: Honourable senators, all of us, regardless of party, love this country, and we have nothing but good to say about its potential and its future. The strong and opposing views expressed here reflect our concern about that future, despite the fact that we may differ on a great many points.

I must say that the process which has been set in motion to produce this new constitutional package is terribly flawed. The fact is that, for well over four years, Canadian constitution building has been the main growth industry in the country. I have attended many of the conferences, and I have shared with many others dreams, hopes and ideas about the future of Canada. I have seen some magnificent ideas developed, and initiatives enunciated, yet, in this package, we see very few of them. Those ideas included excellent recommendations which came from committees where a number of honourable senators here this evening have served.

Where have we arrived after spending at least $25 million of taxpayers' money on committees, commissions, studies, parliamentary hearings, along with costly citizen involvement sessions? In fact we have left the task of designing new federal institutions and a new Canada to a group of premiers, each with his own narrow provincial priorities. Again the question must be asked: Who spoke for Canada at those critical meetings in Charlottetown?

Now we have before us what has been described as the constitutional package, a package which is incomplete and devoid of detail. We are asked to journey into an unknown country, to take a giant leap of faith.

My friends, this is not the Grasshopper Control Act that we are discussing. This is not the Weed Abatement bill. I suspect that here in the Senate we would give more time to consider measures of thos kinds. Here, we are only considering the nation's future.

In the individual family, career and political decisions which we take week after week, we would never sign contracts or agreements on the basis of such a dearth of information as we have about this package. The lawyers are literally still drafting the details.

I ask myself this question: Are we being fair with this generation and the generations to come by approving this process of constitution building through exhaustion, rushing through Parliament a set of infinitely critical proposals so that arbitrarily established political deadlines may be met?

At some point in the process, may I express the fervent personal hope that a free vote will be declared, allowing all members of all parties to vote according to conscience. The future of this nation is more important than politics and there are moral issues involved in deciding the future of this country, just as important issues as capital punishment or abortion and other "conscience" issues where free votes are permitted. Indeed, some of the package's proposals are severely flawed.

Will there be a reformed Senate? The proposed Senate is nothing like the long sought-after Triple-E model. The major proposals for Senate and Commons changes fall short of what they should be, so much so that if possible an attempt should be made to improve and change them for the sake of the country and the future before they are enacted into law. Where is the Senate-inspired idea for election by proportional representation to help assure that a greater range of dissident voices can be heard? The premiers did not like it so they pulled it out.

Many of us had hoped that half of the senators would be elected between general elections or at specified fixed intervals to keep a government more conscience of its commitment to the people of the country. The premiers said they did not like it. The premiers rejected the concept and they have recommended that Senate elections be held at the same time as general elections, thus minimizing the ability of citizens to censure governments.

The premiers did not like the proposal for an effective suspensive veto for the Senate, so it was kicked out, too. Why not a six, eight or twelve month suspensive veto to allow time to mobilize regional views and concerns about possibly bad legislation?

There are no plans to make the Senate less political, as many committees have suggested. The premiers did not like it. Why not a Senate which would permit those of all parties to work effectively and cooperate freely in efforts to serve the great regions of this country? Abandoned are proposals to have the Senate act as a check on an excessively powerful executive. The premiers did not like it.

The number of senators will be reduced from 104 to 62. The premiers said, "We want to save money". Then in a *volte face,* they proposed an increase in the number of members of the House of Commons by 36.

[Senator Perrault.]

Is it too outrageous to suggest that at some point in our history there should be a reduction in the ratio between the Senate and the House of Commons from, say, 337 to 62 senators to 240 in the Commons to the same 62 in the Senate? It would save almost $100 million a year. Proportionately, we havee far more members in Canada between the Senate and House of Commons than they do in the Congress of the United States.

When are we to start saving taxpayers some money? At the same time, we could improve the opportunity for the new Senate to play a real role in determining the fate of legislation by establishing a ratio which would at least admit the possibility, once in a while, of the Senate winning a vote.

One can only conclude that the premiers and the present Prime Minister prefer a weakened Senate. Indeed, three of the premiers are members of a party which for years has called for the abolition of the Senate. A former leader of the NDP of British Columbia said the other day, "Sure it may be weaker but I have always wanted to kick at the Senate anyway, so I guess it is a move in the right direction." On the other hand, we are told by the government apologists that this is an effort to create a dynamic new Senate, for heaven's sakes. They know better.

Canada's premiers may have certain policy differences but like their predecessors down through the nation's history, they hold steadfastly to the belief that they are the only legitimate spokesmen for the regions. I say it is a lie.

Obviously this latest group of premiers is not about to create a new and reinvigorated Senate which might serve to challenge that discredited myth. The new reformed Senate would be elected but only in certain provinces. Mr. Getty, that famous quarterback from years back—he will be premier for a while yet—said that we now have a Triple-E Senate that we have won on all counts. What about the sacred principle of an elected Senate? Some premiers are said to be considering the attractive option of appointing senators through their legislatures. In effect, some are saying, "We nay appoint ours."

One premier, Mr. Bourassa, has jettisoned the idea of direct election of senators and he has declared that Quebec intends to appoint its senators through its legislature. The first ministers' revised version of Senate reform would permit an unelected chamber in at least one province and would allow senators to be chosen in various ways.

The new Senate would not be equal in any kind of regional sense. An equal Senate would be created but only in a narrow, nominal fashion. Unless major changes are made, it would not be effective. May I say that I help to speak for the province of British Columbia, which is the third largest province in the Confederation, the most rapidly expanding province, and I am proud of that. I know my other Senate colleagues — Senator Carney, Senator Lawson and Senator Marchand and Senator Austin— are equally proud of our great province. However, there is real anger on the West Coast.

In order to achieve so-called equality in the number of senators per province and to "compensate" central Canada for its

so-called "sacrifice" in permitting a reduction in its present seat allocation in a weakened Senate, the premiers were persuaded to give Quebec and Ontario many more seats in the powerful House of Commons where the real power is. The sales line in central Canada now is, "The Senate is now a paper tiger. We have taken its powers away. The real power is in the House of Commons."

Of course, they are right. Early in the negotiating process, Ontario's Premier Rae called for a "generosity of spirit" on the part of all people sitting around the negotiating table. That "generosity of spirit" inspired him to demand and receive 18 new Ontario seats in a strengthened House of Commons in exchange for an 18 seat reduction in the new, weakened and almost powerless Senate. Premier Harcourt of British Columbia said, "It was only fair; it was 18 for 18"—18 Senate seats for 18 extra Commons seats for Ontario. Predictably, Premier Bourassa was offered and accepted a similar reward to assuage his feelings of anguish about losing 18 of his Senate seats.

As an unexpected bonus Quebec would receive a guarantee that, whatever happens to Quebec's population in the future, that province, with Canada's lowest birth rate, would always have 25 per cent of the House of Commons membership. It is a bonanza that no province could refuse.

Is there anger and concern in British Columbia? There certainly is. British Columbia has been under-represented in the Senate for years and has been offered no such compensation. Indeed, the first version of the constitutional package would have reduced British Columbia's share of Commons seats. The only province in Canada with an initial percentage reduction in Commons representation also happens to be the fastest growing.

In the hockey world the kind of selfless Ontario-Quebec sacrifice of their precious Senate seats in return for compensation in the form of a handsome number of new seats in the House of Commons would be something like trading three Pee Wee league hockey players for Wayne Gretzky, Eric Lindros and Mark Messier.

The naivete of the premiers' concession to Canada's largest two provinces boggles the mind. Yet Premier Harcourt flew back to the West Coast, figuratively clad only in a barrel and waving a piece of paper saying, "I have achieved peace in our time". Under cross-examination by media people, Premier Harcourt wasn't quite sure just what had been achieved for B.C.

• (1750)

At a later press conference, he was hard-pressed to convince British Columbians that Charlottetown was anything but a disaster.

It was it was proposed initially that there would be six new western members in the so-called "reformed" House of Commons, four from British Columbia and two from Alberta. A promise of a further three British Columbia seats has now been made to lessen the sense of outrage and injustice felt on the west coast. Unlike, however, the 36 Ontario and Quebec bonus commons seats, their electoral impact will not be felt until the year 2003.

Under the proposed redistribution in the House of Commons, Quebec would be allotted one member in the House of Commons for every 74,000 Quebecers, or 93 seats. Good for them! But, on that scale, British Columbia should get 44. Under this proposal it gets only 39 and Premier Harcourt originally agreed to only 36. Alberta should get 34, but the shrewd Premier Getty quarterbacked Alberta to only 28 seats. The four western provinces together should get 106 seats. They actually get 95, scarcely enough to compensate for the fact that we have 1 million more people than Quebec. Therefore, the west will initially suffer an under-representation of 11 seats, enough to decide an election. But Quebec also gets that guarantee of 25 per cent of the House of Commons seats, regardless of its population. So, as its population proportion declines, the under-representation of the west will only worsen.

Needless to say, the premiers of the two most westerly provinces have been introduced thoroughly and painfully to the considerable negotiating skills of their central Canadian counterparts aided and abetted by the office of the Prime Minister.

Unfortunately, the Senate proposal in its present form may only serve to widen the gulf between western Canada and central Canada. The troubling fact is that the 18 extra House of Commons seats proposed for Ontario alone total more than Manitoba's entire House of Commons allocation of 14 seats. Central Canada's total of 36 new House of Commons bonus seats would be eight more than the 28 House of Commons seats now held by Manitoba and Saskatchewan combined. So much for enhancing western influence in Parliament and so much for Premier Rae's "generosity of spirit".

Will it be an effective Senate? Only one type of bill could be killed by the Senate: Legislation changing tax policy on natural resources. There are no federal taxes on natural resources now, so that "power" is really meaningless and irrelevant.

As far as other tax measures are concerned, how would senators explain to the people who elected them that they have no power at all over the taxes which the government wants to impose? Incredibly, all money bills would have to be dealt with in 30 days by this new so-called "reformed" Senate. If not, this joint assembly of the House of Commons' members and senators decide by a majority vote. The government majority of 337 House of Commons' members would be able to out-vote the 62-plus senators under almost all circumstances. A myth? Listen to these figures.

Using the percentage of seats held by the eight majority governments elected since 1949 and extrapolating from those figures, assuming a 337-member House of Commons and a 62-member Senate, at no time could 60 per cent of the senators opposed to legislation have defeated the majority government in a joint sitting of the two houses. No wonder some

NDP spokesmen in British Columbia are saying that we have now created the Senate as a paper tiger.

In only four majority governments could 100 per cent of the senators opposed to government legislation have defeated the government, and they would all have to vote together, which would be a minor miracle. Put another way, 60 per cent of the senators opposed to legislation could only defeat a majority government with 51.7 per cent or less of the seats, and 100 per cent of the senators opposed to legislation could only defeat a majority government with 59.1 per cent or less of the seats. If the figures analysis is extended back to the 1930s the same results are obtained.

It is a hoax and it is a fraud to suggest that the new elected Senate would exert any meaningful power on decisions made in this country. Ordinary legislation which is debated and approved in the House of Commons, but defeated in the Senate, would go to a joint Commons-Senate vote where its fate would be sealed—again, within 30 short days. No more battles about the goods and services tax. No more battles about drug prices. No more battles about crucial issues affecting the Canadian people. Muzzle any controversy in 30 days.

Senator Murray: No more time.

Senator Perrault: Honourable senators, I would ask for an extension of time.

The Hon. the Acting Speaker: I take it, honourable senators, it is agreed that the time be extended.

Hon. Senators: Agreed.

Senator Perrault: Together with all of this, few people, including members of the media, realize the extent to which Senate power has been eroded in recent months. If one compares the powers of the Senate to the new rules imposed on the Senate, this is a crippled chamber.

In recent months, changes to the rules of the Senate forced through following the GST debate virtually emasculate the opposition. The Senate Speaker has been given broad new power to control events in the chamber, even though he is appointed directly by the Prime Minister, instead of being elected by his peers, as is done in the House of Commons.

The Speaker of the Senate has now been given the authority to cancel or delay indefinitely a scheduled sitting of the Senate. If he decides, for whatever reason, or following direction from the Prime Minister, that the Senate will not meet for the next six months, there is absolutely nothing anyone can do to have the Senate meet earlier. Most of those in the media seem not to be aware of this. I wonder if the members in the other place are aware of what has happened in this chamber.

The Speaker of the Senate has now been given the authority to cut off debate on any points of order and questions of privilege, matters that concern the operation of the Senate itself, and traditionally determined by the members.

I would like to pose the following scenario. Imagine the "reformed" Senate with its 62 members. Remove the two leaders and the two spokespersons on a bill and 58 senators remain. Even if every one of them spoke for the full 15 minutes, debate would be over in 14.5 hours. If the government members chose not to speak, the debate could be concluded in half that time. I will not go into all the rest of the details of the recent changes to the Senate rules. I suggest to honourable senators who have not read them that they open the book and be horrified.

I welcome the announcement by Mr. Chrétien who stated that when he becomes Prime Minister—and that cannot come too soon—he will make a priority an attempt to make the new Senate and its rules more effective. Mr. Chrétien has said that before a new Senate is elected, there would be some time to work on rules respecting, for example, the time that must pass between the defeat of a bill in the Senate and the convocation of a joint session of the Senate and the House of Commons. He believes that the rules for a joint session could also be structured in such a way as to ensure real debate. That kind of commitment by Jean Chrétien is encouraging.

However, the fundamental changes proposed are bad for the Senate. The constitutional package, I believe, fails utterly to provide for a new more powerful, effective Senate empowered to protect the rights of minorities and to provide the people of Canada's regions with enhanced representation in Ottawa.

Before this package is accepted, I hope changes are made. Even if significant changes in Senate rules are made by a new government, I fear that the new Senate will be stripped of any real powers and could be converted into little more than an expensive talk shop.

The so-called "reformed" Senate could become a benign and toothless tabby cat—able to gum issues, but never able to interfere in any meaningful way with the decisions of the House of Commons and directives from the office of the Prime Minister.

Obviously, the premiers and the current Prime Minister want it that way. So much for the goal of a better Constitution and a more united Canada.

Today I brought to the chamber with me an amendment I had hoped to place before honourable senators. However, after conferring with the Leader of the Government in the Senate and with others on both sides, I have made the decision not to proceed because my initiative would not succeed and I would not want to cause another divisive factor to enter this debate here in the Senate. However, I would like to read my proposed wording and I hope the government will consider acceptance of this suggested amendment. It is as follows:

> That the motion be amended by striking out the words that come after the words "the following", and by substituting therefor:
>
> That texts of two referendum questions, to be put at the same time:
>
> With the exception of proposals relating to the House of Commons and the Senate, do you agree that the

[Senator Perrault.]

Constitution of Canada should be renewed on the basis of the agreement reached on August 28, 1992?

And, in particular, while approving in principle the establishment of an elected Senate —

— which I have supported for years—

— do you agree that the proposals for changes in the Senate and the House of Commons as contained in the agreement reached on August 29, 1992 should be adopted?

• (1800)

There is so much anger in Western Canada about the powers and the numbers of Western representation in the Senate and the House of Commons that I suggest that this resolution be put in two parts. There are some acceptable proposals in the package. There are some thoughtful ideas in it. I would not like to see the whole package defeated because of anger over one section. I think it would be a constructive idea to accept my proposal for amendment.

Because of the plan to grant each province the right to veto any future changes in the Senate and certain other national institutions, the possibility of real Senate reform may be lost forever unless action is taken now to give a new elected Senate representing the regions real powers to help determine the future of this nation.

In their present form, the Senate proposals, in my view, are not good enough for Canada. Many of the package's supporters claim that while its proposals are far from perfect, on balance they represent the best compromise available at this time. However, in my personal view, change is possible, even at this late date and without compromising the full constitutional package, and thus my suggestion for a reworded resolution. At the very least, an effort can and should be made to improve the proposals relating to the Senate and to certain other sections of the package. These constitutional reform recommendations could be so much better.

Hon. Herbert O. Sparrow: Honourable senators, first of all, let me make it clear to Senator Murray, before he asks the question, that I am going to vote "no" on the vote today and I am going to vote "no" in the plebiscite when the time comes.

Senator Murray: I am glad to have such a forthright statement from you, senator.

Senator Sparrow: Let me just tell you why I am going to vote today against the holding of a plebiscite. I believe that by voting for that, in some way I am giving my tacit approval to the contents of the proposed constitutional changes, and I am opposed to the majority of the proposals in those constitutional changes.

I saw the government and Parliament encourage the forums across this nation to go out and listen to the people of this country. We had the Spicer Commission, the forums, and the parliamentary commission go out, and they studied for two years at great cost. They made firm proposals about a Triple-E Senate and about many other aspects of the Constitution. It was called the Canada round.

During the course of one week, Joe Clark and the premiers got together and brought forward a proposal that did reflect to some degree what the Canadian people had told us, but that was not good enough. The Prime Minister called the premiers together again and in one week brought forth constitutional proposals that do not bear any resemblance to what the Canadian people told us they wanted. The proposals that are there for a Senate are not what the Canadian people told us they wanted.

As Senator Perrault told us, they were clearly talking about a Triple-E Senate: elected, effective and equal. We know we have not got that. We know that, instead of an effective Senate, what we will have is a reduced Senate, with extra seats going to the House of Commons.

Can you tell me how I can go back to the people of Western Canada or Saskatchewan and say, "You got a hell of a deal, guys. It's really great for you."?

We did not get the Triple-E Senate; we got something that is ineffective, and to compensate for that we are going to give Ontario and Quebec each 18 more seats in the House of Commons. Do you know that Saskatchewan only has 5 per cent of the vote in the House of Commons now? What does the new proposal do? It gives it 4 per cent of the representation, with no power in the Senate.

Who decided that we would give Quebec and Ontario 18 more seats each, or 36 combined? Who decided that? Did the Canadian people in all of those forums recommend that? No. The recommendations were for a Triple-E Senate and for the existing make-up in the House of Commons to remain the same. So who brought this idea forward?

When the Western Canadian premiers came back, Getty and Romanow, they said, "We got what we wanted." They don't know what they're talking about, because that was not what we told them we wanted.

I am supposed to go to the people and say, "Here, vote in this referendum. We are not going to tell you what is in it. We are not going to give you any text on it." Parliamentarians can have the text and they can vote on it, but we don't trust the people of Canada to have it. We do not trust Canadians with the full text of that agreement.

It is like buying a used car from Doug Everett. He says "Yes, this little old lady is coming in to buy the car. Take the thousand dollars, and then take the car and put sawdust in the transmission and the rear end and heavy oil in the motor, because she will not know the difference."

Senator Gigantès: Is that what he does?

Senator Sparrow: No, that is not what Doug Everett does. I really take that back. It was only and expression. But that is what we are basically saying to the people.

People are now going across this country saying, "Everybody gave a little." Well, tell me what Quebec gave. Tell me

what Ontario gave. Just tell me what they gave. I can tell you what Saskatchewan, Alberta and Manitoba gave. They gave away their representation in the House of Commons and they gave away an effective Senate. That is what they gave. They gave Quebec or are giving Quebec in perpetuity 25 per cent of the votes in the House of Commons even if British Columbia is going to have a greater population in the future. That is what we have to go back and tell the people of Saskatchewan. "Yes, everybody gave a little; but, no, the other provinces, Ontario and Quebec, did not give a little."

The Atlantic provinces gave a little. I will tell you how little they gave. They gave Ontario and Quebec additional seats in the House of Commons The extra seats given to Ontario and Quebec number more than the Atlantic Provinces presently have. Yet they say, "That is fine. We will accept that. That is a fair ball game."

Really, we use the expression that Ontario and Quebec have "sucked the hind tit" all these years anyway. It is not Saskatchewan and Alberta that have done that. It is not a question of our having done that. No, it is Ontario that has been so hard done by all of these years; so let us make it just a little bit better for them.

I can understand why Getty went home and within a few days of getting home, and of telling his people, "We got what we wanted," announced his resignation as leader of the party. I can understand that. How do you sell the people of Alberta on this issue?

I am going to vote "no" when the vote comes, and I am going to say this: I think the Conservative party in this country, the Liberal party in this country, and the NDP in this country have betrayed Western Canada. I think the voice that is there is betrayal. That is a fact. That is what happened. We shrug our shoulders and say, "Let's give tacit approval to this referendum and let's con the Canadian people into saying "yes." We will decide later how we are going to divide up the spoils."

The vote is going to go through today. Obviously, we all know that. However, I do not think the vote is going to go through when the time comes for the referendum vote, because I can see that ground swell moving in British Columbia, Alberta and in Saskatchewan. I can see that ground swell, and I would not be afraid of what might happen after there is a "no" vote.

I will tell you this: We are not afraid of Canada breaking up because of this particular issue.

• (1810)

Remember, honourable senators, what we have done in this country. In 115 years—not 125 but in 115, and the last 10 years have been the pits—with about 16 million people in this country, on average, we have built the greatest country in the world. In fact, we had the second highest standard of living in the world. We did that because we were proud Canadians and we had equal provinces all across this country.

[Senator Sparrow.]

Do you know what we did, honourable senators? Paul Martin was one of the architects of this. We built the second highest standard of living in the world. We brought the poor people farther up the scale, and closer to being equal to all of us in the economic structure. We are rapidly losing that, and we will lose it much faster if we give an even greater power base to Ontario and Quebec.

Canadians asked for free trade among our own provinces. That is not even referred to in the agreement that is before us. If Ontario wants to keep the products of Saskatchewan out of its province, it can still do that, and it may. We cannot have that. That was but one of the items we asked for, and we are not getting it.

This agreement is not a good deal for Western Canada. I will tell anyone I see that it is not a good deal for Saskatchewan. I do not want Quebec to leave Canada. I do not think she will. But the issue in this case will not make any difference as to whether she leaves or does not.

The Hon. the Acting Speaker: Honourable senators, it is now 6 p.m. The rules require that the Speaker vacate the Chair until 8 p.m., unless it is the wish of honourable senators to ignore the clock.

Senator Lynch-Staunton: I ask leave to ignore the clock and continue the proceedings.

Senator Molgat: I gather from the numbers who have indicated they still want to participate in the debate that we can probably conclude our work within a reasonable time tonight, rather than having to return later.

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

Hon. Senators: Agreed.

Hon. Dan Hays: Honourable senators, I should like to participate in this debate. I do not intend to take long.

Western Canada is a part of this country that will be affected most profoundly by some of the issues dealt with in the constitutional initiative that we are being asked to vote on today. Whether we want to or not, we will be involved in the referendum campaign. Thus, we should develop a position.

I last spoke on this subject in debate on the question concerning the Beaudoin-Dobbie report. I gave a rather lengthy speech on Senate reform in which I used the Australian Senate as a basis for comparison. I did so because I think the Australian situation is relevant to ours. It is a parliamentary democracy that has an elected Senate which is playing a significant legislative role in that country. I felt that that was a good starting point for us.

First, I should like to make a few comments on the process. I can dispose of that briefly by saying that I am glad we will be having a referendum. I would vote in favour of the idea of a referendum. I have listened to those, in particular Senator Stewart, who have reservations. I identify with his concerns

about voting "no" to the idea of a referendum being misinterpreted particularly by the people of Quebec and that that would not be a good idea. In any event, I am glad that all Canadians will have an opportunity to participate in this debate and to vote one way or the other at the end of the process.

Predictably, I should like to talk about the substance of the consensus agreement; that is, the idea of Senate reform and why I think it will be difficult to convince Albertans to vote in favour of it. It is because as a people they have had a strong desire to change the method of governance in Canada to allow for an opportunity to have a more direct relationship with those they elect than they now have with their members of Parliament or senators.

Albertans are heavily influenced by the American system because of their full access to their news and current affairs coverage. They have been involved in a debate with various groups, including the Canada West Foundation, the Triple-E group and others in Western Canada which, through the force of logic or intuition, have pushed the idea of a different kind of Parliament. It is a Parliament that would involve a group of people that is elected and who will come back to the electorate that elects them and account to them, either through defeat or re-election, based on what they do for them. I refer to a parliamentary group which would exercise some power as a check on the exercise of executive power, in particular in majority government situations. I do not think, realistically, that anyone would expect a U.S. or Australian type of Senate.

Let us look at what the First Ministers have proposed. I believe it falls so far short of the expectation of Albertans that if we proceed without more, then the sense of betrayal would be great. As I said a moment ago, convincing Albertans to vote in favour of the consensus agreement will be most difficult.

The real power of the proposed Senate would be exercised in a joint sitting of the House of Commons and the Senate. The other powers are interesting. There are not that many appointments which would have to be ratified, although there are some.

I think that the double majority is okay, but only if we get what we want in terms of this different kind of governance. It certainly does not do anything for Western Canada.

In terms of another National Energy Program, I think a federal government wanting economic rents would find another way of collecting them. I do not think that is a significant matter. It is a symptom of the problem. A constitutional means of addressing the problem is not what we want. We want to address the cause of the problem, which is the type of governance we have. Those are all fine, but they are not significant powers.

The significant power of the Senate is proposed in a joint sitting. The ratio of members of the Commons to members of the Senate would be 5.4 to 1. Doing a rough calculation, and the arithmetic of honourable senators should substantiate it if they are interested, a majority government with 51.7 per cent of the seats in the House of Commons could ignore completely 60 per cent of the senators voting against something in a joint sitting. That means that since 1949, in no majority government would the Senate with 60 per cent voting against legislation have had any effect in a joint sitting. This assumes that the other 40 per cent voted with the government.

I use the figure of 60 per cent because most majority governments are elected with 40 per cent of the popular vote. That is not a significant power. The obvious way to address that would be as the Australians have done, which is to ensure that the relative size of the House of Commons to the Senate would be such that a joint sitting would be meaningful. In Australia, as I observed in June when I spoke on the Beaudoin-Dobbie report, the nexus provision of its Constitution says it will never be more than two to one; that is, two members of their House of Representatives to every senator.

It is unlikely we would achieve that kind of ratio. However, something in the neighbourhood of 200 to 62 would start to make the Senate and the house in a joint sitting meaningful. I do not think that the likelihood of a federal government on a stand-alone basis, with support from Parliament, changing the number of members of the House of Commons downward is a likely scenario, given the propensity and the self-interest of members of the house not to do that. In any event, it would be a way of addressing the matter. I do not know whether or not that is even an option, and I will look carefully at it. It is, of course, important as to whether or not I vote "yes" or "no" myself.

The other means of giving the Senate power would be with a long suspensive veto, which would mean that it would have to have complete control over the joint sitting process, such that it could delay it for a long time—for example, one year. The premiers and the Prime Minister in their consensual agreement have proposed a 30-day timeframe within which ordinary legislation could be considered.

Those are things which would have to evolve and evolve quickly. By "quickly" I mean to say that they would have to be seen from the perspective before October 26 to ensure that Albertans would have a reason to support this package. 2

The other area of concern is the method of election and the term of office. In Australia, as you know, for many years the term was the same as for the members of the House of Representatives. But then they changed it, and their method of election was "first past the post". In turn, they changed that in 1919 to a form of proportional representation, and then, once again, in 1949, they made a change—this time to their present system of a single transferable vote. Why? Because, over that period of almost a century, they discovered that those other systems did not work. For that reason I think we would be very foolish if we did not learn from their experience. To start back in a pre-1919 situation with the proposed Senate for our new Parliament is not a good idea. I do not think we should do that. We should learn from the Australian experience.

The term of office there was coincident with that of the House. It is now a fixed six-year term. Many doors have been

closed by what appears to be, as many have observed here in their speeches today, an attempt to abolish the Senate without actually abolishing it.

There are some non-constitutional opportunities through the time frame which a joint setting could take to deliberate or deal with legislation. There could be a reduction in the size of the House of Commons so that the ratio of senators to MPs would be more realistic; there are perhaps other means that could evolve to address some of the concerns we have. "Evolve" is a relative term. I want to emphasize that it would have to be something that we could see happening soon, from a pre-October 26 perspective.

Honourable senators, I could talk about other aspects, but they have been dwelt upon in great detail and very well on both sides of the debate, judging by what I have I read of yesterday's proceedings, which I missed, and from the debate I have heard today.

The issue for me as to whether or not this is a supportable package from the perspective of my province and my region has a great deal to do with more than is on the table. I have tried to describe what that "more" might be. If that "more" is not there, I think this proposal is in trouble in my province. I cannot speak for other areas.

I am very sensitive to the misinterpretation of that by other parts of Canada, in particular, Quebec. I regret that, but I must weigh that against the sense of betrayal that would be felt in my province in the event that this consensual agreement proceeded through all the detail. The feeling that we have as an electorate in that region is that we have addressed our issue, that the different kind of governance did not occur. That sense of betrayal would be devastating and I think would create just as big a problem. We must avoid that.

I support the idea of a referendum. I will vote for the legislation that we are considering now. I wanted to talk about the substance to some degree, and I have because I think it is important. Others have done it. Those are my principal concerns with respect to the Senate reform issue.

Hon. Louis-J. Robichaud: Honourable senators, I have noticed that all of the speakers this afternoon have come from this side of the house.

Senator Murray: Not so.

Senator Robichaud: Well, almost. It may be that we succeeded in putting the members on the government side of the house to sleep. They have not been very vocal this afternoon, but a lot of people on this side have been very eloquent. I will not name anybody in particular, but I was impressed with the quality of this debate.

I will not go into any matters of technicality; I will deal with no numbers—numbers of seats, or numbers of senators or of members in the House of Commons. I will not do that. I will talk for about 30 seconds or so on principles, on the essence of what is before us.

[Senator Hays.]

In my opinion, the resolution before us should not exist in the first place. I think we should have left the situation the way it was after 1981. I think we created a monster and the monster is there because it has been created by the government. We have to face a situation where there is a monster. We have to take a vote on the 26th of October. We should not have to, but we have to. And we have to make a decision.

It took me some time to make up my mind as to whether I would vote "yes" or "no". It took me some time. Maybe 30 minutes. But I have decided that I will vote "yes." I will vote "yes" because it is a lesser evil. Voting "no" throughout the country, I think, would be disastrous. It would be bad for the country.

But I will say this. An amendment to the Constitution is not the end of the world. It is not its Constitution that controls a province or a country. It is the people who are in place who control it. Under the Constitution that we have had for 125 years, we have been prosperous and, as Senator Sparrow said, we became the envy of the rest of the world. Why did we not leave it alone?

But we have to face the fact that certain changes have been suggested. I do not care about the changes that have been suggested. I do not care what will emanate from future conferences—because there will be changes. Bureaucrats, lawyers, are going to get together and they will amend certain things some more. What the heck? It is the people that we put in place who count for the welfare of the country.

And I say this to my fellow Canadians. Let us get on with the work. Let us get this problem behind us. Let us get on with the country. Let us get on with the economy of this country. I will vote "yes."

Louis St. Laurent, I remember, in 1957, after he had been defeated, was asked what part he would take in the election. He said, "Well, I will vote and, well, I may tell the people how I will vote.".

I am going to vote "yes", and I am going to tell the people why I voted "yes."

Hon. Pat Carney: Colleagues, I have listened to many excellent speeches here this afternoon. I have agreed with some of the speakers, particularly some of the remarks of Senator Ray Perrault. I have disagreed with others. But I want us to be mindful of the fact that we are not voting on the constitutional package at this point in time. Because of the emotion that has been expressed, that may be overlooked. We are voting on the text of a referendum question. Surely those of us who intend to vote "yes" on this motion can do so calmly and without the emotion that has been generated today.

The question before us is:

> Do you agree that the Constitution of Canada should be renewed on the basis of the agreement reached on August 28, 1992?

That is the question before us. If the debate on the referendum shows that the proposals are unfair to the West, or any other region, there is not a Western senator in this house on either side who would support it. If it is considered fair and the debate and the text and the arguments are fair, I would think that we would all support it.

In any event, it will not be up to us. It will be up to the people who vote on the referendum.

This is only the third time in our history that we have had a referendum. The first was in 1988 on prohibition. The second was in 1942 on conscription. Both of those earlier issues divided the country, and, clearly, when the powers that be decided to have this present referendum they realized that this could be an issue that divided us rather than uniting us, but that is for the future and that will be for the people to decide after the debate takes place.

I suggest that we move now, Mr. Speaker, to deal with this motion before us which deals in very essential words, in English and French, with the question on the wording of the referendum itself.

[*Translation*]

Hon. Pierre De Bané: Honourable senators, the purpose of this debate is to consider the advisability of consulting the people on amending the Canadian Constitution. Personally, I have always thought that any amendment to the Constitution must be approved by the people because usually the changes are irreversible and a new government and the ones that come after cannot as a rule modify it later. They are irreversible changes and that is why I am very much in favour of having the people approve the basic law of the land. That is what many other countries do, like France, Switzerland, Australia and so many more. Changes to the fundamental law must be approved by those who hold the ultimate sovereignty, that is, the people in a democracy.

Nevertheless, I feel a certain unease. Of course, this is not due to the desire to consult the people, no. I feel uneasy because for years I have heard something quite disturbing in my country. I heard it recently when I was a member of the commission originally chaired by Mrs. Dobbie, an MP, and co-chaired by Senator Castonguay and later by Senator Beaudoin. Basically, what people in every region told us is that they do not get enough from the central government and they want more. "What more will Canada do for my province?" That essentially is what I heard. I was on it with Senator Barootes, who is indicating to me that he agrees with my analysis. We saw these increasingly strident displays of selfishness in our meetings. In every region and every province, people asked us, "What more will I get out of this whole exercise?"

Today I read in *La Presse* this big article by my friend and learned colleague, Senator Beaudoin. He detailed the devolution of powers from the central government to the provinces and especially to his province and mine, Quebec, and he expressed it in terms of gains for Quebec. That is how every provincial premier is selling this constitutional change to his constituents: "Here are the 'gains' I made in Ottawa, here are the things I grabbed from the central government." I say that if that is the spirit, we are all dreaming if we think that national unity will be stronger the day after these constitutional changes are ratified. I think that what has been happening in the past week should open our eyes. For example, I see the premier of my province saying that he forgot some things that he wanted to get in Charlottetown. Today he wants to make sure that the central government promises to devolve these powers to him.

I am thinking of the premier of a province, not my province of Quebec but another province, who said not so long ago: "Let us arrange our affairs so that the destiny of our province will never be subject to the federal Parliament." I say that is not the way to strengthen national unity. Honourable senators, I have always thought that if this country breaks up one day, history will record that it broke up because the citizens of this country were not worthy of it. That is the basic issue. Each and every one of us must not only make demands on the central government; we must also say what we are prepared to do to deserve this country.

[*English*]

We have to decide, once and for all, not only what we want to extract from Ottawa, but what each of us can give to our country to earn the right to be called a Canadian. This is what we have to do, and I have not heard very much about that.

[*Translation*]

I think it is time we realized what kind of country we are living in. This country recently ranked first in the world for its quality of life. This means that all of the countries, including Switzerland, France, Great Britain, Sweden, Japan, Germany and the United States, ranked lower than Canada. Canada is number one, Canada, which is already the most decentralized federation in the world.

I have yet to hear a single leader, especially at the provincial level, say what they are prepared to do to deserve this country, to live in this country. Doesn't the fact that we are signing free trade agreements with the outside world, with foreign countries, and that we can't manage that in our own country, say enough about the selfish attitudes in this country because, in the end, federalism means merging our collective solidarities.

If we are not prepared to do that, if the only kind of constitutional change we want is the kind that will make the central government powerless so that in the end, the two most populated provinces will be governing this country, I say that is no way to deserve this country of ours.

[*English*]

Senator Murray: Honourable senators —

The Hon. the Acting Speaker: May I remind honourable senators that, if Senator Murray speaks now, his speech will have the effect of closing the debate.

Senator Murray: Honourable senators, since Friday morning, when I moved this motion and the Leader of the Opposition replied for his side, 31 honourable senators, if I have counted correctly, have followed us in the debate. There have been, as Senator Carney mentioned a moment ago, some excellent speeches. Much as I would like to, I cannot do justice to all or even some of them in closing this debate.

I disagree profoundly with some of the things that have been said, but honourable senators have raised important issues. Almost all of these issues are of long standing in this country, hardy perennials that have been discussed in the greatest detail for many years. Contrary to what Senator Kenny has indicated, these are not issues, nor are the solutions material that has been sprung on the Canadian people by the first ministers a few weeks ago. In constitutional discussions and debate in this country, as in many other matters, there is truly very little that is new under the sun.

● (1840)

Honourable senators, I believe that the Charlottetown agreement gets us on the way to resolving these issues; but of course they do need, and will need, what I hope will be a final airing in the course of this debate, in the course of the referendum debate, and in the legislative ratification process that will follow. In this context, I agree that we have many months of debate on the proposed constitutional resolutions still ahead of us, and no one that I know in the federal government or the provinces has tried to pretend otherwise. What the referendum will decide is whether the principles arrived at in the Charlottetown agreement provide an acceptable basis to proceed to amend and renew the Constitution.

There is very little to which I would take exception in the speech that was made on Friday morning by the Leader of the Opposition. Indeed, I intend to return to some of his comments because they provide the most effective rebuttal to some of the criticisms that I heard from Liberal senators who followed him in the debate. However, I cannot let pass, and I am sure he does not expect me to let pass, his characterization of the past eight years as ". . . heedless and needless constitutional wrangling . . ." for which he blames the Prime Minister, ". . . and the resultant time pressures which were an important driving force in the process." En passant, I should say that it is the 1982 amending formula with the provision for three years permitted for ratification of most constitutional amendments that resulted in the time pressures which operated during that period.

However, when the Honourable Senator Frith proceeded to speak in French later in his speech, he gave a much more objective and indeed more accurate description of the background to the current constitutional discussions.

[*Translation*]

On page 1977 of the *Debates of the Senate*, the Hon. Senator Frith said:

> The long review process which went on for more than six years and which is now coming to a conclusion was set into motion as a result of the five propositions submitted in 1986 by Premier Bourassa's government.

A little later, he added that history:

> — has also decided that Canada should be faced with the challenge of allowing an important minority, with its special characteristics, to live and prosper in the middle of a sea of anglophones.
>
> We Canadians have always met that challenge, which was again put forward when the Quebec government, through its Minister of Intergovernmental Affairs, on May 9, 1986, stated the five conditions for Quebec to adhere whole-heartedly to the Constitution.

[*English*]

So what was in English a heedless and needless eight year constitutional wrangle became in French "un défi à relever".

He went further when he said . . .

[*Translation*]

— and I quote page 1978:

> I am proud to say that during these six years, even at the darkest hours, we, in the Liberal Party, have always supported the efforts made to bring Quebec freely into the Constitution of Canada.

[*English*]

Honourable senators, that is a very accurate, objective and sympathetic recitation and description of the circumstances which form the background to the present constitutional discussions. I raise the matter not so much to score a point on the Leader of the Opposition or to contradict him, but because one still reads and hears academics, eminent scholars, even some Canadian statesmen, and today the Honourable Senator Kenny, with some severity declaring that it was all a terrible mistake on the part of Prime Minister Mulroney ever to have "reopened the constitutional file in 1986", as if the constitutional file had been closed in 1982.

Honourable senators, we all know that there was, and remains, some glaring unfinished business out of the 1982 Constitution. Quebec was not a party to that agreement. When Premier Bourassa put forward the five conditions under which Quebec would give its political assent to the 1982 Constitution, the other provinces, with the encouragement of the federal government, agreed on a Quebec round with a view to reintegrating Quebec into the constitutional family on the basis of those five conditions. Still, as I say, some commentators reproach Prime Minister Mulroney and the other provinces for having responded positively to this initiative on the part of the new federalist Quebec government led by Premier Bourassa. What response would they have had us make to this Quebec initiative? A negative response? And what would have been the consequences of that?

[*Translation*]

I want to congratulate the Leader of the Opposition on a statement he made at page 1978, where he said: If we are prepared to support the Charlottetown political agreement in spite of our great misgivings, it is to a large extent because it meets some of Quebec's legitimate aspirations and duties; He went on to add further on:

> Our party is of the same opinion. It sees Charlottetown II, in spite of its serious shortcomings, as a major step in the evolution of the historical agreement that allows Quebec and the rest of Canada to develop and prosper in an atmosphere of mutual respect.

I must say I would have been delighted to hear a similar statement from the honourable senator during the debate on Meech Lake, an agreement in which neither he nor his colleagues, could find any thing to their liking.

● (1850)

[*English*]

Honourable senators, the Leader of the Opposition is right in insisting that those campaigning for the "yes" side in this referendum must address the concerns that have been and will be expressed about the Charlottetown agreement. He is right also, I believe, to insist that the "no" side also explain themselves and their alternatives. At page 1975 of *Hansard* he goes on to say:

> . . . I find myself comfortable supporting the question and a "yes" answer to it. I am comfortable asking the Canadian people to say "yes" to the agreement as a basis for an amendment to the Constitution, thereby recognizing the considerable political achievement of Charlottetown and the work leading up to agreement on even a "basis" for amendment . . .

I do not disagree with his description of this agreement as being a basis for amendments to the Constitution, nor does the government disagree. Essentially, I cannot disagree with the point that Senator Pitfield has made in that respect. Senator Frith goes on to enumerate some of the areas where details still have to be agreed to, and nobody has tried to pretend otherwise or to mislead the Canadian people by pretending that this is an agreement arrived at in such detail that nothing more needs to be discussed or negotiated.

Senator Kirby, in his speech on Friday, asked what constitutes passage of this referendum. The honourable senator knows, as we all know, that its result will not be legally binding on governments, but the political reality is that if this referendum is defeated in even one province the least that can be said is that those amendments requiring the consent of ten provinces would be in trouble and, therefore, perhaps the whole package would be in jeopardy. It would be—and I think Senator MacEachen and I had a discussion about this at the time of passage of the referendum bill—a brave premier who went ahead with legislative ratification of the Charlottetown agreement over the expressed opposition of his population in a referendum.

Those of us who support the "yes" side will have to concentrate first on getting the vote out. There are honourable senators in this place who know that business and who understand how important and how difficult it is. We have to imbue Canadians with a sense of the importance of this referendum for the future of the country. Second—and this is all work of the same kind as we have at election time, except that this is not a partisan issue—is the matter of mobilization, organization and motivation of voters. We have to motivate them to vote "yes". We have to make every effort to get every last voter that we can encourage to come to the poll and support this agreement as a basis for constitutional amendment. There will be time afterwards to analyze the vote by region, language and all the various demographic factors.

We will be asking them, as the Leader of the Opposition has correctly stated, to vote for a set of principles. Yes, Senator Pitfield, some elements of this agreement require a little and some other elements require a great deal of refinement and definition. The rules of the new Senate, as a number of you have pointed out, will have to be agreed to. The powers and financing of Aboriginal governments will have to be negotiated and agreed to, an infinitely complex matter; but isn't the entrenchment of an Aboriginal right to self-government in the terms agreed to in the Charlottetown consensus a step well worth taking, an historic step for this country? I say, "Yes". The agreement for those provinces that want the federal government to withdraw from certain areas of exclusive provincial jurisdiction will have to be arrived at. So there will be much negotiation, debate and disagreement.

I hope also there will be goodwill and flexibility, for we are embarked on a process which I do not deny, and no one denies, will be lengthy. It is a process that will take time and a great deal of goodwill to succeed.

I make these points about the essence of the question that is being put to the Canadian people—we are asking them to vote on a set of principles—because I believe that there is a danger that if the example set by some honourable senators in this debate were followed, this agreement would be "nickled and dimed" to death before it had a chance to go anywhere. I think in particular of some of the comments, and I will refer to some of them later, that have been made by Senators Grafstein, Austin, Wood and even Senator Pitfield.

To those honourable senators on the opposition side, if they are not persuaded by anything that I or my colleagues on this side have said, I commend to them and ask that they reflect on the speeches that have been made not only by their own national leader, Mr. Chrétien, but the Leader of the Opposition here and the speeches we heard last night from Senator Gigantès, Senator Stanbury and today from, among others, Senator Fairbairn, Senator Thériault and Senator Robichaud. These speeches, it seemed to me, had a sense of historical perspective, of political reality and considerable sensitivity to the opportunity that our country must grasp now.

Again, we are talking about a set of principles and the question I ask is whether those principles are clear enough to allow Canadians to make an informed judgment on whether they are

acceptable as a basis for constitutional change. The Leader of the Opposition, Senator Castonguay and others responded eloquently in the affirmative. I do not disagree with Senator Stewart of Antigonish Guysborough that there are dangers to a referendum, but his lack of enthusiasm for this referendum puts him in a minority in Parliament. More important, I think the criticisms he made and the faults he finds in the proposed referendum could be attributed to any referendum that I can think of.

Senator Grafstein on Friday, and Senator Kenny this afternoon, set out some of the many criteria by which they would judge a constitutional proposal. There was everything in it from enriching our nation's culture, in the case of Senator Grafstein, to making our neighbourhoods safer, in the case of Senator Kenny. I think they expect too much of a constitution. I think they expect too much of a constitutional agreement trying to resolve some of the outstanding issues that have been before this country for many years. Neither this agreement nor any constitution will solve all the problems of the world or even of the country for all time.

● (1900)

Honourable senators, just in parenthesis, because I referred to Senator Stewart a few moments ago, I believe he was—unintentionally I am sure—unfair in his reference to Senator Castonguay when he said that our colleague had ducked the question as to the effect of a negative vote in Quebec in this referendum.

Senator Castonguay dealt with that question, I thought, very directly. I will read the essence of what he said last night in answer to the question. As reported at page 2006 of *Hansard*, he stated:

> Of course, if Quebecers were to vote against this agreement, I think . . . that the rest of Canada would react very negatively because I believe that a sincere effort was made by all concerned in the agreement before us to reach compromises that seem, if not always fully satisfactory, at least reasonable.
>
> So, if I am right, this negative reaction would prevent further negotiations as well as a simple return to the status quo. I fail to see how a government could start such a process all over.
>
> It seems to me that Canadians from other provinces who are not concerned only with the Quebec issue may also want to move on and make headway on other aspects of this agreement. They could not wait forever for Quebec's OK.

Senator Castonguay concluded by stating:

> Without speculating about various more or less negative scenarios, I think we can at least draw the conclusion that a simple return to status quo would be impossible, that we would go through very hard times and that, for those who would support Quebec's independence, it would be a major step in that direction and almost an irreversible one.

[Senator Murray.]

I find that statement quite unreserved and unequivocal.

Senator Stewart: Honourable senators, I think it is only fair to Senator Castonguay that I should a say a word on two on this, if Senator Murray will permit me.

What Senator Castonguay dealt with in his response to Senator Molgat's question, as we can see from what Senator Murray has just read, is the result in the rest of Canada if there is a negative vote in Quebec. What I meant when I said that he had "ducked the question" was the consequences in Quebec if this referendum elicits a strong negative vote in Quebec?

Senator Murray: It is there in the last paragraph.

Senator Cogger: An almost irreversible step.

Senator Stewart: Perhaps this is an unfair question to Senator Murray, but is Senator Castonguay saying that if Quebec votes negatively, the result will be that Quebec then will move on to independence? If that is what he meant then I withdraw the word "ducked".

Senator Murray: Well, I do not think I should interpret, and I do not think I can improve on Senator Castonguay's own words. He said:

> I think we can at least draw the conclusion that a simple return to status quo would be impossible, that we would go through very hard times —

I am quoting from the English version of something that I believe he stated in French, but I am sure that the English version is accurate.

> — and that, for those who support Quebec's independence, it would be a major step in that direction and almost an irreversible one.

Honourable senators, Senator Stewart in his remarks also, I regret to say, regurgitated some of the media speculation that we saw in July and August as to the purpose of a national referendum, and indeed what the motives of the Prime Minister and the government might be.

We have never made any secret about it. All of us who were involved in the discussion on the referendum bill in June made it clear that there were a number of circumstances in which a national referendum would be advisable. It was possible that the government would decide that we needed a national referendum to break a deadlock. It was possible, in the best case scenario, that we would need a national referendum to ratify an agreement and, as I think I said in the question period if not in debate, while a referendum is not part of our amending process, using it to ratify a political agreement among first ministers could serve to expedite the formal ratification process.

The Prime Minister and Mr. Clark were unequivocal that a negotiated agreement was always our ideal. It was always our

goal. It was always our purpose. The media, for whatever reason, continued to attribute other motives to the Prime Minister, that he wanted a failure so that he could go ahead with some unilateral federal initiative and ask the Canadian people to ratify it.

Honourable senators, to anybody who understands anything about politics or the current state of politics in this country, that was an absurd suggestion on the part of the media. The strains that that scenario would place not only on our government and on our party but on all political parties in this house would be enormous. We fought. Mr. Clark and Mr. Mulroney, all of our advisers, worked unceasingly for an agreement. We have an agreement. The principles of that agreement or consensus, if one wants to call it that, are what we will be voting on in a referendum.

There has been discussion here about the consequences of the vote on October 26. I agree with those who say that we are far better to emphasize the positive consequences of a "yes" vote than to dwell on the negative consequences of a "no" vote because, no matter how carefully one phrases it, no matter how delicately one approaches the subject, one always runs the real risk of being accused of scaremongering if one speaks of the negative consequences of a "no" vote. I agree again with the Leader of the Opposition that the "no" side has some explaining to do, and should be called upon to make those explanations and to explain their alternatives.

I believe that the immediate effect of a "yes" vote will be a sense of achievement and unity rather than the sense of failure and division that have characterized the Constitutional debate in this country for so long. I believe that a "yes" vote to this consensus document, to these principles, will result in increased confidence among Canadians of our ability to resolve together other challenges, and the main challenges before us are primarily economic. I believe that a "yes" vote will result in an increased sense of security and stability in the relationships among Canadians, the relationships between Quebecers and other Canadians, the status and the security of linguistic minorities and the relationship of Aboriginal peoples with the rest of society. Even if what we have agreed on are the terms of a negotiation and the principles for negotiation, the parameters of a negotiation of self-government for Aboriginals, they see it as an enormous step forward and an enormous opportunity. I think we should see it that way, too.

• (1910)

Senator Pitfield can characterize it if he likes as the birth of a monster. I think there is a rebirth of opportunity for Canada and for Canadians in this Charlottetown agreement. I do not want to overstate it. As I have already said, there is so much work to be done to realize the promise of the Charlottetown agreement, but popular ratification and the referendum of the Charlottetown agreement will be a solid base for nation building in the future.

Honourable senators, a number of our colleagues have been pretty severe in their analysis of the proposed new Senate. Senator Kirby saw it as a great weakness of the consensus document, as did Senator Everett, Senator Lawson, Senator Graham, Senator Perrault and Senator Sparrow. It is true, as a number of them have pointed out, that this new Senate would have less power than some of the models of the so-called equitable Senate that were on the table, including the proposals that the government brought in in September a year ago in the report of the Beaudoin-Dobbie committee. The proponents of the Triple-E Senate, Premier Getty and others, clearly attached greater importance to the symbolism and the reality of equal representation for each province. To them, that E, it appears, was the most important of the Three Es.

I agree with Senator Fairbairn and Senator Thériault that the proposed new Senate is certainly not necessarily a weak institution. It will have the power to defeat taxes on natural resources. It will have the power to defeat measures materially affecting the French language and culture. It will have the power to delay supply bills for 30 days. It will have the power to force reconciliation and joint sittings of the House of Commons and Senate by defeating other legislation.

As to the new senators themselves, whether they are elected by the voters at large, as it appears will be the case in nine provinces and territories or, as will apparently be the case in Quebec, by their elected National Assembly, they will enjoy a democratic legitimacy that the present Senate does not have. Because there will only be six per province, and here I take up a point that Senator Thériault has made very forcefully, they will have been either elected at large in the province or by constituencies that are vastly larger than the constituencies that elect members to the House of Commons. I believe this difference will give them a political status that is quite important. There will be no minister in the Senate. The government as such will not be there. The elements are present for considerable institutional independence.

Some see a Senate that will be swamped by the more numerous House of Commons. No one can tell how a particular parliamentary institution will evolve. It will evolve on its own. I believe it is as likely—and it is possible, certainly—that this institution will evolve in a different way, creating, as Senator Fairbairn and Senator Hays have suggested, its own procedures and using its powers to the full to influence government policy and legislation.

The Leader of the Opposition raised a question, as did Senator Kirby, Senator Austin, Senator Grafstein and Senator Graham, of the federal spending power. We went through this argument in the Meech Lake debate. I do not want to cover all that ground again.

[*Translation*]

For the federal government to hold an unlimited spending authority is inconsistent with a Constitution which gives some legislative powers to the provinces in certain areas of exclusive provincial jurisdiction.

That is a distortion of Canadian federalism.

[*English*]

Contrary to what Senator Kirby predicts, there will be national social programs. There will be national objectives. Dare I use the word national standards? Why not? The difference will be that these will be arrived at in negotiations between the federal government and the provinces in whose exclusive jurisdiction these fields are. They will not be imposed by Ottawa. In a country as vast and as diversified as ours, the provinces must be free to establish their own priorities in these fields which are within their exclusive jurisdiction and to tailor federal-provincial programs to their particular needs and circumstances without having decisions imposed on them by the federal government.

I think it is a matter of regret that so much of the discourse of federal politicians in this and other constitutional debates has a tendency to denigrate provincial governments and legislatures. Provincial legislators have to get elected. They are responsible to their voters. It seems to me that we have to show somewhat more respect for their sovereign authority in their own fields. Who says, for example, that the federal government or Parliament is the fount of all wisdom when it comes to progressive social policy? Medicare is the example which is so often referred to here. Although I recall it was in the Liberal platform of 1919, the first medicare program we had in this country was brought in by the NDP government of Saskatchewan.

Neither do I agree with Senator Kirby's apprehensions and those of Senator Graham expressed earlier today about manpower training in the hands of the provinces. I think they under-estimate the creative and innovative capacity of provinces when it comes to policy and programs in these fields. Senator Kirby feels that, without federal supervision, the provinces will fall back on training for their traditional economic activities, thus marginalizing their work force and impeding the mobility of their young people. Is it not also possible that skills training, integrated with education, placement, social services and economic development in a provincial regime, will provide more and better opportunities for the individual? Is it not also possible that provincial governments will use skills training to help promote investment in new economic development opportunities in the province? Is it not possible, so long as we try to level the playing field, as they say, by equalization, that some more competition among provinces in these fields will be healthy?

In any case, I have to remind Senator Kirby, Senator Graham and others who have brought up this subject that there is a stipulation in the Charlottetown consensus that at the request of any province not wishing the federal government to withdraw from labour market training, the federal government would be required to negotiate an agreement to maintain its labour market training and development programs in that province.

[Senator Murray.]

• (1920)

Finally, Senator Austin said, as reported at page 1990 of *Debates of the Senate:*

> In the Charlottetown accord we have created parallel structures that weaken this Parliament. We have a regime of premiers who are also now part of the national governance of this country although they are not elected nationally. In the Charlottetown accord we have agreed that we will have a separate system of consensus outside of this Parliament with respect to the structures and many of the policies that will affect the running of this country. I think that weakens Canada.

Honourable senators, I do not know how we are to coordinate education, training, social programs and so forth, if it is not by federal-provincial collaboration. How are we to remove these interprovincial trade barriers which Senator Sparrow and others have mentioned if it is not by concerted action? How will we implement some of the international treaties that the federal government enters into, whether in trade, environment or human rights, without provincial collaboration because so much of the provisions of those treaties affect provincial jurisdiction?

This is a federation. We do have shared sovereignty. The provinces are sovereign in some areas. We all have to work together.

Senator Austin described his province of British Columbia and British Columbians when he said:

> British Columbians have a sense of themselves as an expanding province, as a province which is Canada's gateway to the Pacific and Canada's western province in the north-south axis of North America.

He also stated:

> There has been a strong movement in the Province of British Columbia . . . to develop regional ties, to reduce barriers in trade and the movement of peoples and to reduce the qualitative legal barriers that domestic laws on both sides of the border have created, so as to allow the development of a new sense of society, and of course more active commerce.

He is describing the uniqueness and the distinctiveness of British Columbia and its economy, as well as British Columbian society and the aspirations of its citizens.

I should point out that the Charlottetown consensus, among other things, will give British Columbia, if it wants, more control over immigration. British Columbia, if it wants, will have more control over manpower training. If it wishes, we, the federal government, can butt out of some of the provincial jurisdictions such as forestry, tourism, mining, recreation and regional development.

This measure will not weaken Canada, as Senator Austin contends. It will enable British Columbia to develop its distinctive and dynamic economy in its own way. British Columbia will continue to derive, I believe, the advantages of being part of a greater entity that is Canada. In that sense, this agreement is good for British Columbia and it is good for Canada.

Senator Austin laments what he calls our lack of a sense of identity. He compares us unfavourably with Germany, Japan and Mexico. Honourable senators, I mean no offence to any of those countries when I say they can have their sense of identities and the history that goes with them.

As for us, ours is a greater dream and a more noble vision. I believe the Charlottetown agreement will help us get on with fulfilling it together.

Some Hon. Senators: Hear, hear!

Hon. Royce Frith (Leader of the Opposition): Honourable senators, there is no reply to reply, and I am aware of that, but I will ask you to permit me one sentence only. It is that the observed or inferred inconsistency between the heedless and needless course and what was said in French is based on my and his leaving out of a very important phase after the accord of 1982 and the position the Liberal Quebec government took when the five principles were advanced. I will explain that in some detail on another occasion. Stay tuned.

The Hon. the Acting Speaker: Honourable senators, it is moved by the Honourable Senator Murray, seconded by the Honourable Senator Lynch-Staunton:

> That, pursuant to the *Act to provide for referendums on the Constitution of Canada*, the Senate concurs with the House of Commons in approving the following text of a referendum question:
>
> "Do you agree that the Constitution of Canada should be renewed on the basis of the agreement reached on August 28, 1992?
>
> _____ _____
>
> yes no"
>
> and,
>
> That a Message be sent to the House of Commons to acquaint that House accordingly.

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

Some Hon. Senators: Yes.

Some Hon. Senators: No.

The Hon. the Acting Speaker: Will those honourable senators in favour of the motion please say "yea"?

Some Hon. Senators: Yea.

The Hon. the Acting Speaker: Will those honourable senators opposed to the motion please say "nay"?

Some Hon. Senators: Nay.

The Hon. the Acting Speaker: In my opinion, the "yeas" have it.

And two honourable senators having risen.

The Hon. the Acting Speaker: Is there agreement that there be a 15-minute bell?

Senator Kelly: Honourable senators, with leave, I would ask for a 15-minute bell. There may be some senators across the street in the Victoria Building.

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

Hon. Senators: Agreed.

The Hon. the Acting Speaker: Call in the senators.

• (1930)

The Hon. the Acting Speaker: Honourable senators, it was moved by the Honourable Senator Murray, P.C., seconded by the Honourable Senator Lynch-Staunton:

> That, pursuant to the *Act to provide for referendums on the Constitution of Canada*, the Senate concurs with the House of Commons in approving the following text of a referendum question:
>
> "Do you agree that the Constitution of Canada should be renewed on the basis of the agreement reached on August 28, 1992?
>
> _____ _____
>
> yes no"
>
> and,
>
> That a Message be sent to the House of Commons to acquaint that House accordingly.

Motion carried on the following division:

YEAS

THE HONOURABLE SENATORS

Adams
Atkins
Barootes
Beaudoin
Beaulieu
Berntson
Bonnell
Buchanan
Carney
Castonguay
Chaput-Roland
Cochrane
Cogger
Comeau
Cools
Corbin
Davey
De Bané
DeWare
Doody
Doyle
Fairbairn
Forrestall
Frith
Gigantès
Graham
Hays
Hébert
Kelleher
Kelly
Kenny
Keon
Kinsella
Kirby
Lynch-Staunton
MacDonald (*Halifax*)
MacEachen
Marchand
Marshall
Molgat
Murray
Oliver
Petten
Poitras
Riel
Rizzuto
Robertson
Robichaud
Ross
Rossiter
Simard
Spivak
Stanbury
Stollery
Sylvain
Teed
Thériault
Watt—58.

NAYS

THE HONOURABLE SENATORS

Lawson Sparrow—2.

ABSTENTIONS

THE HONOURABLE SENATOR

Stewart

BUSINESS OF THE SENATE

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, I move that all further Inquiries and Motions stand.

Hon. Gildas Molgat (Deputy Leader of the Government): On the usual understanding that the numbering will not proceed.

Motion agreed to.

The Senate adjourned until tomorrow at 2:00 p.m.

THE SENATE

Wednesday, September 16, 1992

The Senate met at 2 p.m., Senator Gérald J. Comeau, Acting Speaker, in the Chair.

Prayers.

SENATORS' STATEMENTS

GENERAL ELECTION

NUMBER OF DAYS LEFT IN CURRENT TERM

Hon. Royce Frith (Leader of the Opposition): Honourable senators, the election clock is still ticking as expected. Democracy lovers have 65 days; those cowards contemptuous of democracy, 451 days.

THE CONSTITUTION

CHARLOTTETOWN ACCORD—GENDER ALLOCATION OF SENATE SEATS

Hon. Pat Carney: Honourable senators, 62 years ago, Ottawa housewife and welfare worker Cairine Reay Wilson became the first Canadian woman to be called to the Senate of Canada. She won that distinction because five Canadian women had won from Britain's Privy Council a legal admission that women were "persons" and thus eligible for Senate appointment.

The move by some premiers to allocate elected Senate seats by gender in their provinces under the proposed Charlottetown accord would deny women that historic and hard-earned right to be considered persons. The move would not only negate history, it would fetter the future for Canadian women seeking political office for the following reasons:

1. It establishes a quota system which is unfair to women, restricting their participation to a predetermined number of seats regardless of the merit of women candidates in the future.

2. It confines women to the "women's quarters", limiting them to so-called "women's issues" rather than encouraging them to tackle the hard-core economic and social issues which challenge our society.

3. It is demeaning to women, conveying the notion that women can attain political office only on the basis of their sex, not their merit, thus reinforcing the stereotypes of the women's "place" in society.

4. It emphasizes the difference between men and women at a time when we need to stress those common concerns which should unify us. At least, says a B.C. feminist, violence against women will be discussed in the Senate, ignoring the fact that this issue involves men as well as women.

5. It does not deal with the real barriers to women's participation in both the private and the public sector, which are the corporate culture and attitudes which require a thorough change if women are to feel comfortable balancing work and family responsibilities.

6. It treats women as a "minority" which requires protection at a time when women form the majority of the Canadian population and will, in this decade, make up the majority of the Canadian workforce and graduates of post-secondary institutions.

7. It restricts voters' democratic rights, won over centuries, to choose the "best person" from among our peers to make and enforce the rules we live by.

8. It particularly restricts the rights of westerners who are being asked to approve a major expansion of House of Commons seats to Central Canada—without sexual quotas—in return for Senate seats allocated by sex.

9. It ignores the possibility that better methods can be employed to increase the participation by women by encouraging political parties to seek out, nominate and elect more women candidates.

10. It is insulting to ask women and men to stand for office on the basis of their genitals, not their ability to make a contribution to our country. No Canadian should be elected to the Senate on that basis.

Hon. Senators: Hear, hear!

ROUTINE PROCEEDINGS

SOCIAL AFFAIRS, SCIENCE AND TECHNOLOGY

ELEVENTH REPORT OF COMMITTEE PRESENTED AND PRINTED AS APPENDIX TO *MINUTES OF THE PROCEEDINGS OF THE SENATE*

Hon. Noel A. Kinsella: Honourable senators, I have the honour to present the Eleventh Report of the Standing Senate Committee on Social Affairs, Science and Technology respecting its examination of the subject matter of Bill C-86, to amend the Immigration Act and other acts in consequence thereof.

I ask that the report be printed as an appendix to the *Minutes of the Proceedings of the Senate* of this day, and that it form part of the permanent record of this House.

The Hon. the Acting Speaker: Honourable senators, is it agreed that this report be printed as an appendix?

Hon. Senators: Agreed.

(*For text of report, see today's* Minutes of the Proceedings, *p. 1392*)

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

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

BUSINESS OF THE SENATE

ADJOURNMENT

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, there are two pieces of legislation we would like to dispose of before we adjourn until after the referendum. One is Bill C-55, which is presently before the National Finance Committee, which is meeting this afternoon and tomorrow evening, I believe. I do not think its report will be ready until the early part of next week. The other is Bill C-80, which is being given third reading in the House of Commons this evening and which we would like to send to committee before we adjourn.

Based on those priorities, I suggest we adjourn until four o'clock tomorrow afternoon and then come back next Tuesday afternoon at 2 o'clock. I hope that by the end of Tuesday next we will have disposed of that essential business.

Therefore, I move, with leave of the Senate and not withstanding Rule 59(1)(*h*), That, when the Senate adjourns today, it do stand adjourned until tomorrow, Thursday, 17th September, 1992, at four o'clock in the afternoon.

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

Hon. Senators: Agreed.

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

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, in view of the circumstances, the schedule indicated by the Deputy Leader of the Government is probably the best we can do. I had hoped that the report of the committee studying Bill C-55 would be ready for Friday and that we might be able to dispose of our business on that day, and I was prepared to grant leave under the circumstances, inasmuch as a number of us will be away for a funeral tomorrow. However, if we cannot have the committee report, there is no point in agreeing to sit on Friday.

The Deputy Leader said that he thought we could dispose of this matter in one day, namely Tuesday. I should hope that he is not taking that as guaranteed, because I cannot give that kind of guarantee. It will depend in part on when we receive the report on Bill C-55. I hope we will have it before we arrive at 2 o'clock on Tuesday so we can at least go over it in order to prepare for the debate that might ensue on it. There is also likely to be some debate on Bill C-78, which is another major bill. Therefore, I would not want to guarantee that we will complete everything in one day.

Motion agreed to.

● (1410)

AGRICULTURE

NOTICE OF MOTION TO AUTHORIZE COMMITTEE TO STUDY FARM SAFETY AND FARM RELATED HEALTH ISSUES

Hon. Efstathios William Barootes: Honourable senators, I give notice that on Tuesday next, September 22, 1992, I will move:

> That the Standing Senate Committee on Agriculture and Forestry be authorized to undertake the special study on farm safety and farm related health issues.

ENERGY, THE ENVIRONMENT AND NATURAL RESOURCES

COMMITTEE AUTHORIZED TO PERMIT ELECTRONIC MEDIA COVERAGE

Hon. Dan Hays, with leave of the Senate and notwithstanding rule 59(1)(*f*), moved:

> That the Standing Senate Committee on Energy, the Environment and Natural Resources be empowered to permit coverage by the electronic media of its public proceedings on its emissions of gas study with the least possible disruption of its hearings.

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

Senator Hays: Honourable senators, the Standing Committee on Energy, the Environment and Natural Resources met at noon today to consider steps to be taken in completing its study on the economic instruments issue with respect to maintaining greenhouse gas emissions below threshold amounts. The committee proposes to proceed as planned with its work in October. One of the pieces of its work will involve a roundtable discussion with stakeholders and senators.

After some deliberation, the committee decided that it might be useful to have that proceeding recorded, in the event that either the community cable channels or the parliamentary channel are interested in televizing it.

In order that we might be able to do so, if those arrangements can be made, we are now coming to the Senate today to ask for a motion to that effect. I am speaking to it without having given the appropriate notice because it will be impossible for me to be here tomorrow or next week.

[*Translation*]

GOODS AND SERVICES TAX

PRESENTATION OF PETITIONS

Hon. Jacques Hébert: Honourable senators, I have the honour to present petitions signed by 540 citizens of the province of Nova Scotia who oppose the goods and services tax.

These petitions are mainly from Sydney, Sydney Mines,Medicine Hat, Glace Bay, Louisbourg, Inverness,

Evanston, Lower River, Grantville, Florence and North Sydney.

Honourable senators, I also have the honour to present petitions signed by 511 citizens of Alberta who oppose the goods and services tax. These petitions are mainly from Edmonton, Red Deer, Camrose, Drayton Valley, St. Albert, Barrhead and Spruce Grove.

Honourable senators, I also have the honour to present petitions signed by 323 citizens of Saskatchewan who oppose the goods and services tax. These petitions are mainly from Saskatoon, Regina, Lemberg and Moose Jaw.

Finally—as you can see, honourable senators, the ball is rolling again across the country!—I have the honour to present petitions signed by 140 citizens of New-Brunswick who oppose the goods and services tax. These petitions are mainly from Caraquet, Village Blanchard, Pointe-Brûlé, Haut-Shippagan, Amherst, Maltempec, Pont-Landry and Poremauche.

[*English*]

There is a total of 1514 angry citizens who will most certainly stay angry until the next election.

VETERANS AFFAIRS

PRESENTATION OF PETITION

Hon. Jack Marshall: I have the honour to table a petition submitted to the Senate by the RCAF Prisoners of War Association, Ottawa Branch, under the presidency of A. J. Little. The petition is a result of that branch's sending out 120 petitions which brought in 1220 individual signatures from across Canada, and even from the United Kingdom.

If I may summarize, the petition has to do with the series of films *The Valour and The Horror*, comprising *Savage Christmas: Hong Kong 1941*; *Death by Moonlight: Bomber Command*; and *In Desperate Battle: Normandy 1944*. I will read the main paragraph:

> WHEREAS it is considered that the series of films has done grievous damage to the reputations of those who died for Canada and of those who fought for Canada, and has caused grief to surviving family members, and has demeaned Canada as a nation and the sacrifice and heroism of Canadian veterans everywhere, the petitioners humbly pray and call upon Parliament to support the activity of the Senate Subcommittee on Veterans Affairs in examining the authenticity of the aforementioned series of films.

Honourable senators will probably be elated that one of the 1220 signatures is that of a very prominent Canadian who served in the Parliament of Canada for many years, the Honourable J. W. Pickersgill.

PRIVATE BILL

DAI AL-MUTLAQ—PRESENTATION OF PETITION

Hon. Norman K. Atkins: Honourable Senators, I have the honour to present a petition from Dr. Syedna Mohammed Burhanuddin, of the City of Bombay, in the State of Maharashtra, India, praying for the passage of an Act to incorporate the Dai al-Mutlaq as a corporation sole in Canada.

Hon. Finlay MacDonald: Could you explain to us what that is all about?

Senator Atkins: I would be happy to. I thank my fellow senator for asking the question. The Dai al-Mutlaq is a small group in Canada that has built a temple in my area of Ontario. The head of the group is looking at a legal entity to be incorporated as a corporation sole in Canada. This is an offshoot of a larger Muslim group that has come over from India.

● (1420)

QUESTION PERIOD

REVENUE CANADA

TAXATION OF LOW-INCOME EARNERS —GOVERNMENT POSITION

Hon. Royce Frith (Leader of the Opposition): Honourable senators, during the summer break I was reading the June 1992 issue of *CA Magazine*, a professional magazine put out by the Chartered Accountants of Canada. In that magazine, I came across a rather disturbing letter written by Mr. Ron J. Schwartz of North York.

In that letter Mr. Schwartz makes clear the basic inequity and unfairness inherent in our taxation system. He also questions the principles on which Revenue Canada executes this regime. Since it is a short letter, I should like to read it into the record and ask the Leader of the Government in the Senate to tell us what is the government's answer to the concerns expressed therein.

The letter reads as follows:

> I experienced something this tax season that I had to share. As a CA student working for a large Toronto firm, I decided to volunteer some of my time to help prepare tax returns for low-income taxpayers in the city's Parkdale region. Their average income varied from $10,000 to $14,000 a year. It boggles the mind how a person living alone can survive in Toronto (or any Canadian city) on $10,000 a year. To add insult to injury, Revenue Canada has the audacity to tax people in this income bracket.
>
> I prepared a tax return for an elderly man who earned $12,500 in 1991. How do you tell someone in this income bracket that he has to pay $1,500 in taxes? What justification, other than pure greed, does Revenue Canada have to tax someone who is living below subsistence level?
>
> Don't get me wrong. I do not believe in "free rides" nor do I believe in the "Robin Hood" methodology of

stealing from the rich and giving to the poor. I do, however, believe that this country can survive without Revenue Canada grabbing the last dime these people *do not* have in their pockets.

Hon. Lowell Murray (Leader of the Government): Honourable senators, I shall take the question as notice and ask whether the Department of National Revenue can prepare a reply to it.

FEDERAL-PROVINCIAL RELATIONS

TRADEOFF OF TELECOMMUNICATIONS JURISDICTION FOR CONSTITUTIONAL SUPPORT—GOVERNMENT POSITION

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, my question is directed to the Leader of the Government in the Senate. It refers to a news item that appeared in the *Globe and Mail* of last Saturday. The headline reads: "Feds barter telecom powers for support on Constitution. Business users' group outraged by secret tradeoff." It goes on to state:

> The federal government has privately agreed to grant Saskatchewan a five-year extension of provincial jurisdiction over telecommunications, says a spokeswoman for federal Communications Minister Perrin Beatty.
>
> But the secret request, granted by Ottawa in return for Saskatchewan's support of the accord on the Constitution reached in Charlottetown late last month, has prompted at least two other provinces to ask for similar treatment.

Is it correct that in order for the government to obtain the support of the Province of Saskatchewan for the Constitution it traded off this extension?

Hon. Lowell Murray (Leader of the Government): Honourable senators, I would have to ask for a report from my colleagues Mr. Clark and Mr. Beatty on this matter. I do believe that Bill C-62, which has been pre-studied by the Standing Senate Committee on Transport and Communications, and which is still before the House of Commons, provides for just the sort of administrative agreement to which the honourable senator refers between the federal government and the provincial authorities.

However, I will look into the matter and bring in a report as soon as I can. It should not take very long.

AGRICULTURE

PRINCE EDWARD ISLAND AND NEW BRUNSWICK POTATO FARMERS—ERADICATION OF VIRUS—REQUEST FOR UPDATE

Hon. M. Lorne Bonnell: Honourable senators, it is a wonder that the leader finds times to look into all of these matters for which he does not seem to have answers. Perhaps he might also ask the Minister of Agriculture to give us an update on what is transpiring with respect to the PVY-n virus which affects potatoes in Canada, California and other parts of the United States.

[Senator Frith.]

The Prince Edward Island seed potato market has been seriously disrupted by the finding of this PVY-n virus in the crop. Can the minister give us an update on the situation, so that the potato seed market in Prince Edward Island can return to where it was a few years ago before the PVY-n virus was found? Can he give us an update on the potential for again selling Prince Edward Island seed potatoes to the United States this year?

Hon. Lowell Murray (Leader of the Government): Honourable senators, the Department of Agriculture advises me that federal officials are working closely with all provinces and the industry to remove PVY-n virus as a trade impediment in order to facilitate the opening of markets for seed potatoes. Leaf sampling is nearing completion. Positive fields have been found in Ontario, Prince Edward Island and New Brunswick. Follow-up sampling and trace-back is under way.

I am also informed that at the bi-national panel meeting on August 6 and 7 between officials from Agriculture Canada and the U.S. Department of Agriculture, the USDA endorsed the eradication plan as being biologically sound. The plan will be used as a basis for the Final Rule which should be in place before the 1992-93 shipping season.

The import requirements on the Final Rule are not dependent on the number of finds but will be based on the zoning concept around positive fields. Agriculture Canada has completed the confirmatory testing on a sample of Florida potatoes. It was found positive. Import restrictions are being developed for Florida, North Dakota, Maine, and Wisconsin.

COMMUNICATIONS

ACCESS TO INFORMATION—AVAILABILITY OF GOVERNMENT POLLS

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, I rarely find myself in a situation where I can compliment the government on any matter, but today I have found one. That is the fact that the Minister of Immigration, the Honourable Bernard Valcourt, released details of a public poll which he had had taken shortly after he tabled his Immigration Act. The results of this poll indicate the support—I suppose you could call it—for the government proposals insofar as the public is concerned, so I think it is commendable that the results of this poll were released.

I wonder if the minister would then agree that the details of all polls should be released. The government does a great deal of polling, and if it is able to produce a result to back a government initiative of the government such as this immigration bill, which is controversial, showing it has public support, would it not be proper that the details of all polls should be released? After all, they are paid for by the Canadian public and they should be available not only to the government for its purpose when it wants to support something. Everyone should have access to all of the information that is available.

Hon. Lowell Murray (Leader of the Government): Honourable senators, hundreds of polls are undertaken. The

details of all of them are accessible under the Access to Information legislation.

Senator Molgat: That is the problem, is it not? Recently, when requests have been made under the Access to Information Act, the government has been refusing such requests and saying, no, we will not release the details of such polls.

Senator Murray: No, honourable senators, that is not quite the case. The Access to Information legislation provides for exemption on certain grounds. With regard to polls, we have taken the position in very few cases that the release of—not the poll itself in most cases but of certain questions and answers would, for the time being at any rate, be prejudicial to the conduct of federal-provincial relations and, therefore, we have declined to release either those questions or answers on those grounds. In some cases, we have sought to delay the release of a whole poll until so doing would no longer be prejudicial to the conduct of federal-provincial relations.

[*Translation*]

Hon. Jacques Hébert: Honourable senators, on this same poll, could we find out whether it was available to the minister before he tabled his bill?

The surprising thing about the bill is that it tends to satisfy, shall we say, the rather wrong-headed reactions of a majority of Canadians, who according to the poll are starting to rise up against immigration and refugees, as is happening in other countries.

Obviously, the bill is completely along those lines. It is a very reactionary bill. We wonder whether it was not inspired by the polls, in order to flatter the least noble elements of public opinion.

Senator Murray: Honourable senators, I absolutely reject the hon. senator's statement that the immigration bill is reactionary.

On the contrary, the bill makes it clear that the government intends to keep the immigration levels as they are. The rate of immigration to our country will not go down, but we absolutely want to regulate it efficiently and fairly, both for immigrants and for the country.

I would draw to the hon. senator's attention that senior officials of the United Nations High Commission for Refugees strongly support the refugee provisions of the bill.

Senator Hébert: That does not answer my question, but since the Leader of the Government in the Senate, UN High lCommission for Refugees, he might perhaps have referred as well to the dozens of witnesses less subject to influence, like the Canadian Bar Association and the Toronto Human Rights Association, for example.

I know that you raise your eyebrows when we talk about human rights and that annoys you! But what do you want, that's the way it is!

I also think that the government must not present such a reactionary bill to us by invoking the United Nations High Commission; indeed, we had a delegate from it who criticized many parts of the bill but of course, understandably, in a rather diplomatic way, since that organization is funded by developed countries including Canada.

That is not the best witness you could quote!

Senator Murray: Honourable senators, I know full well that the Canadian Bar Association, expressed some reservations about the bill. The minister, Mr. Valcourt, tried successfully, I believe, to satisfy several of the Bar's objections.

I would also remind the hon. senator that the outgoing chairman of the Canadian Immigration and Refugee Board, Gordon Fairweather, also strongly supported the bill that is now before the House of Commons.

Senator Hébert: You must not leave this House under the impression that you had extremely favorable witnesses. Mr. Fairweather was appointed by your government to do a job that he did well, I admit. I do not want to criticize Mr. Fairweather, but he is not a totally objective witness in the circumstances.

The reason you named those two is that there are no others! All the rest strongly attacked this bill.

Senator Murray: Honourable senators, I wish to remind the hon. senator that Mr. Fairweather was appointed Chief Commissioner of the Canadian Human Rights Commission by the previous government, headed by Prime Minister Trudeau.

In any case, all I can say today is that the Standing Committee on Social Affairs, Science and Technology chaired by Senator Kinsella has just completed a pre-study of this bill.

Within a few months, the Senate will have an opportunity to deal with all the details of the bill because we will have it officially before us.

[*English*]

JUSTICE

SOCIAL UNREST—PROPOSED MEETING OF PRIME MINISTER WITH BIG CITY MAYORS AND FEDERATION OF MUNICIPALITIES

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, does the minister have an answer for me yet on the potential meeting of the Prime Minister with the mayors of the major cities in the aftermath of that unfortunate riot in Toronto? I have asked the question on many occasions and the reply has always been, "He is thinking about it, I think." Has he done it?

Hon. Lowell Murray (Leader of the Government): Honourable senators, Senator Lynch-Staunton is looking into that matter and will be reporting in due course.

ROUTINE PROCEEDINGS

NATIONAL FINANCE

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

Leave having been given to revert to Notices of Motions:

Hon. C. William Doody: Honourable senators, with leave of the Senate and notwithstanding rule 59(1)(a), I move:

> That the Standing Senate Committee on National Finance have power to sit at four o'clock in the afternoon on Thursday next, September 17, 1992, even though the Senate may then be sitting, and that rule 96(4) be suspended in relation thereto.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, could Senator Doody tell us whether there will be witnesses at that hearing and who they might be?

Senator Doody: Allow me to present a brief explanation. The Standing Senate Committee on National Finance has been charged with the examination of Bill C-55, a bill affecting Public Service pensions and other pensions. We have had a series of meetings. We have heard five or six groups of witnesses and single witnesses. We have meetings scheduled this evening, starting at six o'clock and continuing until we have heard another five or six groups or individual witnesses.

Tomorrow afternoon, in order to present, in a collated fashion, the concerns that have been expressed by these witnesses, we would like to have Treasury Board back to reply. The minister is not available, as he is out of town, but his Parliamentary Secretary may be available. In any event, the officials will be there to answer whatever questions honourable senators may have in order to prepare reports.

We should finish our hearings on Thursday afternoon. In order to do that, of course, we will have to get the permission of the Senate to sit.

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

Motion agreed to.

ORDERS OF THE DAY

CONTRAVENTIONS BILL

SECOND READING—DEBATE CONCLUDED

On the Order:

> Resuming the debate on the motion of the Honourable Senator Balfour, seconded by the Honourable Senator Chaput-Rolland, for the second reading of Bill C-46, an Act respecting contraventions of federal enactments.

[Senator Murray.]

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, I want to thank Senator Balfour for the explanations he gave us on this bill at second reading. On rereading his material I find that the proposal is sensible. The bill purports to substantially simplify the settlement of minor offences, and that is a forward step.

I was concerned about the number of items in the bill that will come under the regulations. One of our eternal problems with bills is that too much goes into regulation. That is why a committee like the Joint Committee for the Scrutiny of Regulations is absolutely essential in a democratic system. It is the only way that Parliament can exercise any control over the powers of regulation that most bills give. This bill does give very substantial powers of regulation.

However, there is a saving factor in the bill, as pointed out by the honourable Senator Balfour in his speech. He said:

> It should be noted that the Contraventions bill does not create any new offences but, rather, provides new, simplified procedures for the prosecution of persons charged with existing federal offences.

That is a saving factor in that the bill does not empower the government to create new offences. That is definite. I accept the statement of the senator in that regard. So we are satisfied that at least they will not create any new offences. However, I still have some concerns, even with that proviso. It is a question of what types of offences will be included under this system. Senator Balfour covered some of them. He said:

> . . . minor offences. For example: Hunting without a valid licence; camping in a park without a permit; picking flowers on federal property;

I agree that those are not major offences, but earlier in his comments he referred to the case of *Regina versus the City of Sault Ste. Marie*. That case had to do with the deposit of refuse by a contractor of the city resulting in pollution of a nearby creek. If that is an example of a minor offence, we have to be concerned about what the government might include in this. If it is just a matter of throwing a couple of cardboard boxes in a creek, you might consider that a minor offence, but if it is a matter of putting some dangerous materials in a waterway, I do not think that falls under minor offences in any way. That becomes a major concern.

I hope that when the regulations are produced they will be sent to us so that we can see the kinds of things they consider minor offences. With our present problems with pollution we cannot gather that putting refuse in a creek and polluting it is a minor offence. We should have a look at those regulations when they are produced.

My other concern is with enforcement; who will be enforcing the new procedures? The bill establishes that under regulations the government will have the ability to decide who the

enforcement authorities are. I do not think there is any problem when we deal with police officers. These are trained people. However, there is another designation which comes under "enforcement authority". It says:

> (a) any person, or member of a class of persons, designated by the minister responsible for administering the enactment creating the contravention . . .

● (1450)

We ought to have clarification as to who the government will empower to issue the tickets. We ought to know that these people have had some training, at least, and that they are not just employees, say, of the Parks branch. If we are dealing with the right to issue a ticket to someone for a contravention, the employees should have some training and be in a position to exercise due authority.

I realize that when we discuss the principle of the bill, we should not go into the clauses of the bill, and yet I do not know how I can deal with the principle without dealing with the specifics.

Senator Frith: Some clauses contain principles, of course.

Senator Molgat: I am referring to clause 8.(1)(*f*) on page 4 under "Designation of Offences". It finishes off by saying:

> . . . as the case may be, in the parts of Canada that are specified in the regulations.

This concerns me. If I read this correctly, under this subclause the law will not be the same across Canada. It specifically refers to the "parts of Canada that are specified in the regulations". I would hope that, whatever the outcome of the bill, it would apply throughout Canada, unless the Speaker or Senator Balfour can give us an explanation as to what is meant by "parts of Canada". Is there some logical explanation? Off hand, I cannot see any.

If, for example, we are dealing with national parks, which are to be covered under the bill, surely the rules would be the same in all national parks. There would be no exemptions. Similarly, several departments are now apparently prepared to proceed under this new law—Agriculture Canada, Atomic Energy Control Board, Canadian Ports Corporation, Communications Canada, National Defence, Environment Canada, Fisheries and Oceans Canada, National Capital Commission, Public Works Canada, St. Lawrence Seaway Authority and Transport Canada. Therefore, many government departments are prepared to use this new law in order to simplify their procedures. I agree with that, but the law ought to be the same wherever you are in Canada.

Hon. R. James Balfour: Honourable senators —

The Hon. the Acting Speaker: Honourable senators, I wish to inform the Senate that if Senator Balfour speaks, his speech will have the effect of closing the debate.

Senator Balfour: Honourable senators, Senator Molgat has raised some significant and important issues with respect to this legislation, which I think could most appropriately be explored in greater depth in committee. Therefore, I recommend that Bill C-46 be sent to committee for further study.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

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

On motion of Senator Balfour, bill referred to the Standing Senate Committee on Legal and Constitutional Affairs.

[*Translation*]

DEPARTMENT OF FORESTRY ACT

BILL TO AMEND—SECOND READING

Hon. Jacques Hébert moved the second reading of Bill C-306, to amend the Department of Forestry Act and other acts in consequence thereof.

Honourable senators, it is a pleasure to move the second reading of Private Members' Bill C-306, An Act to amend the Department of Forestry Act and to make related amendments to other acts.

This legislation was introduced by the hon. member for Restigouche—Chaleur, Mr. Guy Arseneault, to change the name of the Department in the English version of the Act by substituting the name "Department of Forests" for "Department of Forestry"'.

According to the sponsor of this private member's bill, such a change is required for the following reasons: the French and English designations do not match; the term "Forestry" is misleading and the name of the Department must be a reflection of its mandate.

Incidentally, I should point out that the Department of Forestry supports this bill which was voted unanimously.

The main reason for this change is to make sure that the name of the Department be seen to mean the same thing both in French and in English. The translation for "Ministère des Forêts" is "Department of Forests". Unfortunately, the French "Forêts" was translated by "Forestry", which does not convey the same meaning.

[*English*]

The second reason behind this proposed change is that the term "forestry" is confusing. According to the report of the Standing Senate Committee on Forestry and Fisheries entitled "Canada's Forests: The Federal Role", the term "forestry" conveys different meanings to different people. For instance, to many environmentalists, the term denotes the lumber industry, while industry representatives and others feel it covers all forestry operations and their management. In short, the word "forestry" seems to focus far more on industrial development than does the word "forests", which has a far broader connotation.

Third, the mandate of the new forestry department stipulates that the ministry must play a key role in promoting the

sustainable development of Canada's forests. In fact, the mandate emphasizes that the department will work towards ensuring that meeting the needs of the present does not compromise the needs of future generations; it ensures that the department will play a key role in preserving Canada's valuable forests. Accordingly, the new name "Department of Forests" is a more accurate reflection of the ministry's mandate than the actual designation.

In conclusion, this bill seeks to correct a minor flaw in the designation of the department. It has received the unanimous support of all parties in the House of Commons, and I am certain it will be given the same treatment in this House. Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

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

On motion of Senator Hébert, bill referred to the Standing Senate Committee on Agriculture and Forestry.

• (1500)

LEGAL AND CONSTITUTIONAL AFFAIRS

CONSIDERATION OF TWENTY-THIRD REPORT—ORDER WITHDRAWN

On the Order:

> Consideration of the Twenty-Third Report of the Standing Senate Committee on Legal and Constitutional Affairs (review of regulations under the *Referendum Act*), presented in the Senate on 9th September, 1992.—(*Honourable Senator Frith*).

Hon. Royce Frith (Leader of the Opposition): Honourable senators, I am seeking advice from the Table or the Speaker. When I introduced the twenty-third report of the Standing Senate Committee on Legal and Constitutional Affairs, which deals with the regulations under the Referendum Act, I spoke at that time and I have nothing further to say about the matter. If no one else has anything further to say about it, perhaps it would be a good idea to consider it debated and remove it from the Order Paper. We can always restore it, if suddenly some great interest springs up.

Order withdrawn.

[*Translation*]

BANKING, TRADE AND COMMERCE

TWENTY-SECOND REPORT OF COMMITTEE ADOPTED

The Senate proceeded to consideration of the twenty-second report of the Standing Senate Committee on Banking, Trade and Commerce (regulations regarding the conversion of mutual insurance companies in Canada), tabled in the Senate on 23 June 1992.—(*Hon. Senator Poitras*).

Hon. Jean-Marie Poitras: Honourable senators, before moving adoption of this report, I would like to recall, very briefly, that this is a matter of considerable importance.

It concerns allowing mutual insurance companies to "demutualize" as we said, and we conducted a study of the proposed regulations. In its report, your committee recommended the conversion of mutual companies. This involves a change in name and terms. It means that mutual insurance companies can revert to being stock companies without a break in continuity. This is very important, because we are talking about life insurance, long-term policies, and so forth. The committee's report approached the subject in this perspective.

Your committee also felt it was important to consider the two types of policy holders: participating and non-participating. There was considerable debate following the submissions we received to determine whether only one or both owned a mutual company.

In our report we recommended that prior to demutualization, there should be two votes: one by all policy holders of the mutual company which must be a majority vote, and a second vote by shareholders or participating policy holders. The agreement of both groups is required. It was felt this was a guarantee for the general public.

We also submitted that in the case of conversion, there should be very specific rules for informing the public, and it was suggested that prospectus-type information would be appropriate. In other words, there would be a list of all relevant information, as well as a recommendation by independent outside auditors.

Reorganization would be attractive to companies that might not be in excellent shape, as well as to companies that are developing rapidly and need new capital. We believe it would also make it possible for our financial companies to remain Canadian and continue to develop and prosper. That is the intent of this report, and I recommend that it be adopted.

The Hon. the Acting Speaker: Honourable senators, if no senator wishes to speak, this item is considered debated.

Motion agreed to and report adopted.

The Senate adjourned until Thursday, September 17, 1992, at 4 p.m.

THE SENATE

Thursday, September 16, 1992

The Senate met at 4 p.m., the Speaker *pro tempore* in the Chair.

Prayers.

ROUTINE PROCEEDINGS

[*Translation*]

PRIVATE BILL (S-7)

THE ROYAL SOCIETY OF CANADA—BILL TO AMEND—MESSAGE FROM COMMONS

The Hon. the Acting Speaker: Honourable senators, a message has been received from the House of Commons returning Bill S-7, to amend an Act to incorporate the Royal Society of Canada, and acquainting the Senate that they had passed the bill without amendment.

SENATORS' STATEMENTS

[*English*]

GENERAL ELECTION

NUMBER OF DAYS LEFT IN CURRENT TERM

Hon. Royce Frith (Leader of the Opposition): Honourable senators, for the democrats, there are 64 days until election—

Senator Barootes: How long for the communists?

Senator Frith: For the cowardly and contemptuous, perhaps now speaking up; for those who are in that category—was it Senator Barootes who wanted to know?—there are 450 days.

Senator Barootes: For the communists, how long?

Senator Molgat: Time marches on.

QUEBEC

IMPUGNATION OF PREMIER BY BUREAUCRATS

Hon. Philippe Deane Gigantès: Honourable senators, if you were listening—and why should you?—you may have heard me in the past say nasty things about deputy ministers. I have always considered them to be usurpers of power, closer in character to the Politburo of the old Soviet Union. They lie to their political masters; they hide information; they come to think of themselves as little tin-pot dictators who hold the truth exclusively.

We have an example of dreadful treachery in Quebec on the part of Mme Diane Wilhelmy and the unnamed public servant to whom she was talking on the phone, attacking her master, Premier Bourassa, and using all the slogans of his opponents in her conversation, such as negotiating on one's knees, with holes in one's knees, and all that. I strongly suspect that either she or the unknown person with whom she was talking did the taping themselves. Why? Because they had probably invented in their heads a constitution that they considered better than the one that was finally negotiated.

Many of us have invented constitutions right here. I have invented several. Reforms of the Senate abound. There was one by Senator Bolduc. Senator Beaudoin invents a constitution every other day. Mme Chaput-Rolland was a participant in a great constitutional proposal.

When our political masters, or the government, or others do not accept those proposals which we may think are best, do we turn around and stab them in the back? No, but a deputy minister did that to Premier Bourassa. Another one, Mr. Tremblay, said that Mr. Bourassa was too ill, too weak, that he could not manage to speak at the meetings during negotiations. Yet we see him day after day, answering question after question on his feet in a really tough fight against very abusive opponents. This Mr. Tremblay wants us to believe that Mr. Bourassa does not have the physical or intellectual strengths to do his job. Why? Because he occasionally switched to French. Why did he switch to French? Because the particular nuance of the word in French was important to him, and he wanted to make sure that the French word was in the record.

THE SENATE

CONFLICT OF SITTINGS WITH MEETINGS OF COMMITTEES

Hon. Royce Frith (Leader of the Opposition): Honourable senators, I am a great supporter of the Senate's committee system and I know that those who operate the committee system have been long suffering and patient with the fact that the Senate occasionally acts as a bit of a nuisance and holds sittings which then conflict with the timing of committee meetings. Today we have the National Finance Committee studying Bill C-55. I have a file here of some questions I want to ask the Parliamentary Secretary to the President of the Treasury Board, who is appearing to-day before that committee. However, their meeting is scheduled for 4 o'clock, as is the Senate sitting.

● (1405)

As I say, on this occasion I suppose we have to recognize that it is the Senate that has caused inconvenience to the committee system. Perhaps we should establish a system whereby

we could ask permission of whatever organization runs the committee system to have the Senate sit notwithstanding the fact that a committee may be meeting at the same time.

ROUTINE PROCEEDINGS

[*Translation*]

SPECIAL JOINT COMMITTEE ON A RENEWED CANADA

REPORT OF COMMITTEE TABLED

Hon. Gérald A. Beaudoin: Honourable senators, pursuant to Rule 105, I have the honour to present the report of the Special Joint Committee on a Renewed Canada concerning the expenses it incurred during the Third Session of the 34th Parliament.

(*For text of report, see today's* Minutes of the Proceedings *of the Senate.*)

[*English*]

INCOME TAX ACT
CHILDREN'S SPECIAL ALLOWANCES ACT
FAMILY ALLOWANCES ACT

BILL TO AMEND—FIRST READING

The Hon. the Acting Speaker informed the Senate that a message had been received from the House of Commons with Bill C-80, to amend the Income Tax Act, to enact the Children's Special Allowances Act, to amend certain other Acts in consequence thereof and to repeal the Family Allowances Act.

Bill read first time.

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

On motion of Senator Lynch-Staunton, bill placed on the Orders of the Day for second reading on Tuesday, September 22, 1992.

ADJOURNMENT

Leave having been given to revert to Notices of Motions:

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding rule 59(1)(*h*), I move:

> THAT when the Senate adjourns today, it do stand adjourned until Tuesday next, 22 September, 1992, at 2 o'clock in the afternoon.

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

Hon. Senators: Agreed.

Motion agreed to.

[Senator Frith.]

ELECTORAL DISTRICT OF TIMISKAMING

BILL TO CHANGE NAME—FIRST READING

The Hon. the Acting Speaker informed the Senate that a message had been received from the House of Commons with Bill C-351, to change the name of the electoral district of Timiskaming.

Bill read first time.

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

On motion of Senator Lynch-Staunton, bill placed on the Orders of the Day for second reading on Tuesday, September 22, 1992.

● (1610)

PRIVATE BILL

DAI AL-MUTLAQ—BILL TO INCORPORATE—FIRST READING

Hon. Norman K. Atkins presented Bill S-13, to incorporate the Dai al-Mutlaq as a corporation sole in Canada.

Bill read first time.

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

On motion of Senator Atkins, bill placed on the Orders of the Day for second reading on Tuesday, September 22, 1992.

[*Translation*]

GOODS AND SERVICES TAX

PRESENTATION OF PETITIONS

Hon. Jacques Hébert: Honourable senators, I have the honour to present petitions signed by 225 residents of Manitoba who object to the goods and services tax. Most of these petitions come from Winnipeg and Brandon.

Honourable senators, I also have the honour to present petitions signed by 500 residents of Quebec who object to the goods and services tax. Most of these petitions come from Lauzon, Lévis, Saint-Raphaël, Saint-Siméon, Cap d'Espoir, Charlesbourg, Beauharnois, Bonaventure, Montréal, Grande-Rivière and Pavos Mills.

Honourable senators, I have the honour to present petitions signed by 285 residents of Ontario who object to the goods and services tax. Most of these petitions come from Owen Sound, Chesley, Markdale, Hawkesbury, Alexandria, North Bay, Kitchener, L'Orignal and Cornwall.

Honourable senators, I have the honour to present petitions signed by 528 residents of Alberta who object to the goods and services tax. Most of these petitions come from Edmonton, Red Deer, Calgary, Millet and Sherwood Park.

And in concluding, honourable senators, I have the honour to present petitions signed by 500 residents of Saskatchewan who object to the goods and services tax. Most of these petitions come from Saskatoon, Regina and Prince Albert.

[*English*]

These 2,038 Canadians opposed the GST in 1990, and they continue to oppose it today, as do most Canadians. Only the cynical Conservative government continues to support this heinous and regressive tax; a tax that has sown the seeds of Canada's economic misfortune. I fully agree with these 2,038 Canadians when they demand the abolition of the GST.

VETERANS AFFAIRS

PRESENTATION OF PETITION

Hon. Jack Marshall: Honourable senators, I have the honour to present a petition containing 169 signatures from the Ottawa Branch of the RCAF Prisoners of War Association. The petitioners are from Ontario, Saskatchewan—indeed, from across Canada.

The petitioners avail themselves of their ancient and undoubted right thus to present a grievance common to your petitioners in certain assurance that your Honourable House will therefore provide a remedy.

This petition concerns the series of films entitled *The Valour and the Horror* which include *Savage Christmas: Hong Kong 1941; Death by Moonlight: Bomber Command; In Desperate Battle: Normandy 1944.*

ORDERS OF THE DAY

TRANSPORT AND COMMUNICATIONS

REPORT OF COMMITTEE ON SUBJECT MATTER OF BILL C-62 ADOPTED

On the Order:

> Resuming the debate on the motion of the Honourable Senator Oliver, seconded by the Honourable Senator Comeau, for the adoption of the Ninth Report of the Standing Senate Committee on Transport and Communications (Subject-matter of Bill C-62, An Act respecting telecommunications), presented in the Senate on 22nd June, 1992.—(*Honourable Senator Lynch-Staunton*).

Hon. Mira Spivak: Honourable senators, because time ran out last June, when the report of the Standing Senate Committee on Transport and Communications on the subject-matter of Bill C-62 was tabled, I did not have an opportunity to speak to it. Therefore, I wish to make a few brief comments today.

Before doing so, I wish to commend the members and the chairman of the committee, Senator Donald Oliver, for the very competent manner in which they conducted the business of the committee; and I commend the chairman in particular for his unfailing courtesy, both to the witnesses who appeared before us and to committee members alike, for his talent in bringing out the best in everybody and for his guidance of the work that produced this excellent report on a very important piece of legislation.

I most strongly support that thread of discourse in the report which holds that the telecommunications system does not exist to serve the business community only, although in that capacity it is, and will continue to be, the engine of growth for the Canadian economy, and will ensure our survival in the international marketplace.

In the words of the report, the telecommunications system must facilitate the movement of information and the exchange of ideas which promotes national unity, regional development and international competitiveness. The telecommunications system, then, must serve the needs of individual Canadians, and government policy must be designed to protect the public interest.

I also support the following statement in the report:

> The Committee is firmly of the view that any shift to greater reliance on competition must not be at the expense of . . . affordable and accessible basic telephone service. It is essential that the crowning glory of monopoly telephony, universal service, not be compromised in this transition. Hence the need for legislation such as Bill C-62 which creates a framework within which regulatory decisions will have to be made to preserve the best of the past while allowing market forces greater room for future growth and innovation.

The committee stance favouring openness in decision-making, its concern that transparency is not to be found in all parts of Bill C-62, and the recommendations for improvement in the proposed bill are an important contribution, as are the strengthened recommendations relating to the individual right to privacy.

With regard to policy objectives, which are in clause 7 of the bill, I find myself at variance with what is contained in the report on two counts. I refer, first, to the recommendation that references to sovereignty, politics and culture be removed. I think that the original wording, that telecommunications has an essential role in the maintenance of Canada's identity and sovereignty, is not only true, but vital, and should stay in.

As well, the idea that a communications system should serve to safeguard, enrich and strengthen the cultural, political and economic fabric of Canada makes a clear distinction between means and ends, and provides clear guidance to those responsible for the implementation of the legislation. The orderly development in Canada of a telecommunications system must serve these policy goals.

Second, although many witnesses complained, with justification, that these policy objectives were in many instances inconsistent, one with the other—for example, competitiveness at the domestic level may require a number of industry participants, while competitiveness at the international level may require significant concentration at home—I do not think the committee's model, as proposed in the report in Appendix I, would improve the situation as much as the model proposed by the Public Interest Advocacy Centre, one of the groups that appeared before the committee.

The committee tends to stress efficiency, reliance and dynamism, whatever that last may mean, as top priorities. These are, of course, valuable concepts, but again, I believe, insufficient to provide the broad policy concepts that in my opinion are desirable in public policy of so sweeping a nature, so enormous in its impacts, and so susceptible to rapid technological change.

I have just a word or two to say with regard to the licensing regime proposed in Bill C-62, which the committee recommended should be eliminated completely. It is to be hoped that, if the minister takes this advice, which would be an improvement in the proposed legislation, the original reasons for the licensing provision will be met through other means.

Those reasons were, first, to enforce necessary Canadian ownership requirements. In that regard, the committee was told by witnesses that this could be accomplished through the Act or through the CRTC. The second reason was for purposes of entry control. In this vein, we were told again that this responsibility could be undertaken by the CRTC and did not warrant a third layer of regulation.

The third reason given by the minister for the new licensing regime was the need for provincial consultation and the ability to have unique agreements with individual provinces made under a departmental licensing power. Here, the concern expressed by the committee was that such a practice—the negotiation of individual agreements with provinces—would lead to the very fragmentation the bill was designed to remedy. However, I do not think this need be the case. Other agreements have been made in other fields without adverse results.

In the case of Manitoba and Saskatchewan, which are small marketplaces, there may be special circumstances that require provincial consultation. Moreover, provincial consultation was touted as one of the advantages of this new bill to the provinces. Thus, some method of enforcing agreements reached with provinces as a result of consultation needs to be developed in the absence of a licensing regime, although consultation should not be construed as a veto.

The critical function of regulation in the telecommunications business is to provide Canadians with affordable basic telephone service. It is axiomatic that Canada maintain effective public telecommunications utilities at the local service level. Basic local service cannot simply be left to the competitive marketplace. There will always be telecommunications companies willing to serve major business users and there will always be a need to maintain some cross-subsidies to ensure that households in rural and remote areas have affordable telephone service—which brings me to my last comment on the forbearance question.

The primary test that should be applied before there is forbearance from regulation should go beyond the simple question of whether there is competition in a given market. The regulator should also determine that it is in the public interest to relieve the companies in that market from the burden of regulation. The regulator must be satisfied that there is a structure in place to ensure that necessary utility functions will not be adversely affected by deregulation of any competitive sector.

The regulation of telecommunications in Canada should also reflect the regional differences across the country. While a single national regulatory agency is desirable, it would be highly inefficient to make rates and services uniform across the country. Consumers in various regions have different priorities which should be reflected in the services they receive.

In the past, regional priorities were reflected through decisions of provincial public utilities boards. In a national regulatory environment, there must be a structure to ensure that provincial and regional needs are reflected in national decisions. All too often national decisions are made as a result of concerns which dominate the political agenda in central Canada with little regard for issues that are important to consumers in the West. That is why the Memorandum of Understanding between Manitoba and the federal government is such an important matter.

There must be a real decentralization of the national decision-making organizations, such as the Department of Communications and the CRTC, so that these organizations become sensitive to the needs of consumers and businesses from all regions.

This requirement could be reflected in stronger language within the policy objectives in the bill to ensure that the officials in these agencies are distributed across Canada, making use of electronic communications to run their organizations on a decentralized basis.

Motion agreed to and report adopted.

The Senate adjourned until Tuesday, September 22, 1992, at 2:00 p.m.